dispersal of industry in the interests of national defense.

Urging support of the upper Colorado River Basin storage project, Peterson told the Senate Interior Committee that in the further expansion and extension of the Nation's industries "we should look to areas where it would be more difficult to attack."

"Our expanding economy requires new sites for industry. If uranium is a coming source of power, it might be profitable for industry to locate near its source. If the oil-shale developments prove out, new industries should be located near the source of this fuel. The entire basin has great coal reserves as well as other minerals and raw materials."

Donald J. Hughes, chairman of the Federation of American Scientists in a letter to President Eisenhower, May 13, 1955, pointed out that economic forces in the Nation already are causing some dispersal, but not enough in proportion to the need. He emphasized that the longer the Nation delays starting an adequate dispersal program the more drastic the program will have to be to meet the danger of intercontinental missiles. The scientists have urged the President to have a special study made of the whole program of dispersal of industry.

Department of Civil Defense

EXTENSION OF REMARKS

OF

HON. ABRAHAM J. MULTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, May 3, 1955

Mr. MULTER. Mr. Speaker, yesterday I introduced in the House a bill to abolish the present Federal Civil Defense Administration and to create within the Defense Department a Department of Civil Defense, under the direction of a Secretary appointed by the President.

With an initial allocation of $25 million the new Department would be authorized to prepare on a nationwide scale a comprehensive and effective program of civil defense, to make known to the public to the fullest possible extent, consistent with national security, the facts about the destructive power of the instruments of modern warfare, and to supply itself with an adequate number of personnel, either through the normal voluntary procedure, or, if necessary, by means of the Selective Service System. The bill also gives the President the power to transfer personnel into the Department of Civil Defense in case of a national emergency, as and when proclaimed by the President or the Congress.

There is an immediate, pressing need for such legislation. The civil defense program in the United States at present is utterly inadequate to cope with the danger of enemy attack. The problems of civil defense cannot be effectively separated from the problems of military defense.

The fiscal resources of the individual States and local communities are inadequate to guarantee equal minimum protection to all peoples in the United States, and although the patriotic efforts of part-time volunteer citizens is commendable, the complex requirements of an effective civil defense system call for full time, thoroughly trained personnel recruited on a national scale as in our present military departments.

SENATE

WEDNESDAY, MAY 4, 1955

The Senate met at 10:30 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, open to us, we pray Thee, the gates of the morning, as we bow here at this wayside shrine of Thy grace, for these are troublous times and the margin of our inner strength seems often perilously low. As servants of the Republic we stand in dire need of courage and fortitude and stability. That we may be at our best, grant us the confidence of a quiet heart and a humble mind. For the preservation of liberty, for the defeat of all tyranny, for the opportunity still to be free souls, for the redemption of democracy from its failures, for the establishment of a just and lasting peace in all the earth: We lift up our hearts to Thee, O God of our salvation. We ask it in the name of the Prince of Peace. Amen.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, May 3, 1955, was dispensed with.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that there may be the customary morning hour for the presentation of petitions and memorials, the introduction of bills, and the transaction of other routine business, under the usual 2-minute limitation on speeches.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

NEMORAN J. PIERRE, JR.

A letter from the Secretary of the Army, transmitting a draft of proposed legislation for the relief of Nemoran J. Pierre, Jr. (with an accompanying paper); to the Committee on the Judiciary.

AMENDMENT OF BANKRUPTCY ACT, RELATING TO DISCHARGES, WHEN GRANTED, AND NOTICES

A letter from the Assistant Director, Administrative Office of the United States Courts, Washington, D. C., transmitting a draft of proposed legislation to amend subdivision b of section 14—Discharges, When Granted—of the Bankruptcy Act, as amended, and subdivision b of section 58—Notices—of the Bankruptcy Act, as amended (with an accompanying paper); to the Committee on the Judiciary.

AMENDMENT OF BANKRUPTCY ACT, RELATING TO UNCLAIMED MONEYS

A letter from the Assistant Director, Administrative Office of the United States Courts, Washington, D. C., transmitting a draft of proposed legislation to amend subdivision a of section 66—Unclaimed Moneys—of the Bankruptcy Act, as amended, and to repeal subdivision b of section 66 of the Bankruptcy Act, as amended (with an accompanying paper); to the Committee on the Judiciary.

SUSPENSION OF DEPORTATION OF ALIENS

Three letters from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders suspending deportation of certain aliens, together with a statement of the facts and pertinent provisions of law as to each alien, and the reasons for ordering such suspension (with accompanying papers); to the Committee on the Judiciary.

SUSPENSION OF DEPORTATION OF ALIENS—WITHDRAWAL OF NAME

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, withdrawing the name of Nicolai Alexandrovich Kozel (Koiel) from a report relating to aliens whose deportation has been suspended, transmitted to the Senate on April 15, 1954 (with an accompanying paper); to the Committee on the Judiciary.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A joint resolution of the Legislature of the State of California; to the Committee on Public Works:

"Senate Joint Resolution 28

"Joint resolution relative to the enactment of Federal highway legislation

"Whereas the President of the United States has placed before Congress the matter of the improvement of the roads, streets, and highways throughout the Nation, giving special emphasis from the standpoint of national defense to the rapid completion of the Interstate System of Highways; and

"Whereas there are now numerous bills pending before the Congress relating to the improvement of the Federal aid systems of highways; and

"Whereas the Interstate System is now recognized by Federal law as including 40,000 miles of highways throughout the United States but at the present time only 37,600 miles have been designated as being on said system, it being understood that that portion of said remaining 2,400 miles which will be allocated to California will comprise circumferential and other connecting routes in metropolitan areas; and

"Whereas that portion of the Interstate System located within California includes highways most seriously deficient from the standpoints of traffic volumes, traffic safety, and structural inadequacy; and

"Whereas the completion of the Interstate System from Federal funds would permit the more rapid correction of the remaining deficiencies on the public streets and highways in California: Now, therefore, be it

"*Resolved by the Senate and Assembly of the State of California (jointly)*, That the Congress of the United States is memorialized to enact legislation for the completion of the Interstate System within the shortest feasible period of time, and that such legis-

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

lation should recognize the following principles:

"1. That the provisions for the Federal financing of the Interstate System should permit long-range planning, to the end that the system can be completed as rapidly as possible and as a free system of highways.

"2. That the program for improving the Interstate System should not interfere with the orderly allocation of funds for the other Federal aid systems of highways.

"3. That the formula for the allocation of additional funds among the various States for improvement of the Interstate System should be based upon the needs for improvement of that system in the various States, and that such formula should be made definite and certain, so that the various States may plan and construct said Interstate System as rapidly as possible in an orderly manner.

"4. That the provisions requiring States to match Federal funds for the improvement of the Interstate System should not require a greater outlay by the States for such system than was required in amount to match the 1956 allocations for that system under the 1954 Federal Highway Act.

5. That for the preparation of the plans and specifications of projects, their priority, and the handling of the construction work be substantially as has previously been provided under existing Federal aid legislation.

"6. That if credit is to be given to any State by reason of the previous completion or toll financing of any portion of the Interstate System, the legislation be so drafted that such credits be taken into consideration in computing the allocation formula, so that no delays will result while such credits are being computed; and, be it further

"*Resolved*, That copies of this resolution be transmitted to the President of the United States, the Vice President of the United States, the chairmen of the appropriate committees of the Congress, and to each Senator and Representative from the State of California."

A resolution adopted by Long Island Council, No. 197, Knights of Columbus, Brooklyn, N. Y., favoring the enactment of the so-called Bricker amendment to the Constitution, relating to the treatymaking power; to the Committee on the Judiciary.

The petition of Francisco Cepero, of Santurse, P. R., praying for a redress of grievances in his claim against the United States; to the Committee on the Judiciary.

REDEMPTION OF UNUSED DUCK HUNTING STAMPS—LETTER FROM WISCONSIN RETAIL HARDWARE ASSOCIATION

Mr. WILEY. Mr. President, I was pleased today to hear from the secretary-treasurer of the Wisconsin Retail Hardware Association endorsing legislation for redemption of unused duck-hunting stamps which are stocked by hardware dealers purely as a service to sportsmen, but which at the conclusion of the season may result in considerable losses to these dealers because under existing law there is no refund from the Post Office Department. I believe that the association has made a good point in bringing this issue to the fore.

My State of Wisconsin is a great center of outdoor pursuits, particularly hunting and fishing, and I feel it is only reasonable to ask the Federal Government's cooperation in serving the great United States outdoor movement.

I present Mr. Lewis' letter, and ask unanimous consent that it be printed in the RECORD, at this point, and be thereafter appropriately referred for prompt and favorable action, I trust, by the Committee on Interstate and Foreign Commerce.

There being no objection, the letter was referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed in the RECORD, as follows:

WISCONSIN RETAIL HARDWARE ASSOCIATION, INC.,
Stevens Point, Wis., April 25, 1955.

Senator ALEXANDER WILEY,
Senate Office Building,
Washington, D. C.

My DEAR MR. WILEY: Hardware merchants, that is many of them, sell duck-hunting stamps for the convenience of sportsmen. However, they do so at the financial risk of having purchased stamps from the post office, some of which remain unsold at the end of the hunting season and for which they cannot, under existing law, get refunds.

Many of our members desire to be of service to sportsmen by making it convenient for them to be supplied with the necessary hunting stamps.

We do not believe that they should be penalized for carrying out this useful service.

There has been introduced House bill H. R. 5256 by Congressman O'HARA of Minnesota and referred to the House Committee on Merchant Marines and Fisheries and Senate bill S. 1658 introduced by Senator THYE, of Minnesota, and referred to the Senate Committee on Interstate and Foreign Commerce.

These bills provide that "the Postmaster General shall provide by regulations for the redemption on or before the 30th day of June of each fiscal year of any such unused stamps issued for such year which have been sold to retail dealers for resale to their customers and have not been resold by such dealers."

We hope that you will find it possible to support these bills and would appreciate it very much if you contacted members of the respective committees to which such bills were referred.

Yours very truly,

H. A. LEWIS,
Secretary-Treasurer.

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. YOUNG, from the Committee on Agriculture and Forestry (without amendment):

S. 1398. A bill to strengthen the investigation provisions of the Commodity Exchange Act (Rept. No. 268).

By Mr. HICKENLOOPER, from the Committee on Agriculture and Forestry (without amendment):

S. 1133. A bill to authorize the Secretary of Agriculture to pay indemnity for losses and expenses incurred during July 1954 in the destruction, treatment, or processing, under authority of law, of swine, swine carcasses, and products derived from swine carcasses, infected with vesicular exanthema (Rept. No. 269).

By Mr. HOLLAND, from the Committee on Agriculture and Forestry (with amendments):

H. R. 1831. A bill to amend the Commodity Credit Corporation Charter Act in order to protect innocent purchasers of fungible goods converted by warehousemen from claims of the Commodity Credit Corporation (Rept. No. 270).

PROPOSED AGREEMENT FOR COOPERATION WITH NATO REGARDING ATOMIC INFORMATION—REPORT OF A COMMITTEE (S. REPT. 267)

Mr. ANDERSON, from the Joint Committee on Atomic Energy, pursuant to section 202 of the Atomic Energy Act of 1954, submitted a report on the proposed agreement between the parties of the North Atlantic Treaty Organization for cooperation regarding atomic information, which was ordered to be printed.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. IVES (for himself and Mr. LEHMAN):

S. 1886. A bill to provide for the retrocession of jurisdiction over Ellis Island, and the conveyance of all interest of the United States in such island, to the State of New York; to the Committee on the Judiciary.

(See the remarks of Mr. IVES when he introduced the above bill, which appear under a separate heading.)

By Mr. GREEN:

S. 1887. A bill for the relief of Lenora Yenovkian; and

S. 1888. A bill for the relief of Cesare Picco; to the Committee on the Judiciary.

By Mr. JENNER:

S. 1889. A bill for the relief of Maria Guadalupe Shockley and her minor daughter, Evangeline Vega Shockley; to the Committee on the Judiciary.

By Mr. MURRAY:

S. 1890. A bill to authorize John R. Quigley to construct and maintain a sign, 50 feet by 30 feet, on certain property of the United States in Montana; to the Committee on Public Works.

By Mr. THURMOND (for himself and Mr. BYRD):

S. 1891. A bill to amend section 203 of the Interstate Commerce Act in order to provide that in certain cases leaf tobacco shall not be considered an agricultural commodity for the purpose of the agricultural exemption for motor carriers under subsection (b) (6) of such section; to the Committee on Interstate and Foreign Commerce.

By Mr. ERVIN:

S. 1892. A bill for the relief of Robert D. Grier (individually, and as executor of the estate of Katie C. Grier) and Jane Grier Hawthorne; to the Committee on the Judiciary.

By Mr. WATKINS:

S. 1893. A bill for the relief of Harold D. Robison; to the Committee on the Judiciary.

By Mr. FULBRIGHT (for himself and Mr. CAPEHART) (by request):

S. 1894. A bill to provide for the participation of the United States in the International Finance Corporation; to the Committee on Banking and Currency.

By Mr. BUSH:

S. 1895. A bill for the relief of Anna Maria Fuller; to the Committee on the Judiciary.

By Mr. WILEY (for himself, Mr. CURTIS, Mr. LONG, and Mr. HRUSKA):

S. 1896. A bill to repeal the manufacturers' excise tax on motorcycles; to the Committee on Finance.

(See the remarks of Mr. WILEY when he introduced the above bill, which appear under a separate heading.)

By Mr. BENNETT:

S. 1897. A bill for the relief of Gosta Harry Roner; to the Committee on the Judiciary.

By Mr. LONG:

S. 1898. A bill to allow a credit of $7 against the manufacturers' excise tax in the case of ultra high frequency television receiving sets; to the Committee on Finance.

S. 1899. A bill to authorize the improvement of the Amite River and its tributaries; to the Committee on Public Works.

(See the remarks of Mr. LONG when he introduced the last above-mentioned bill, which appear under a separate heading.)

By Mr. MUNDT (for himself, Mr. THYE, Mr. LANGER, Mr. YOUNG, Mr. HUMPHREY, Mr. BARRETT, and Mr. O'MAHONEY):

S. J. Res. 69. Joint resolution to establish the Crazy Horse Memorial Commission to provide for the construction of a permanent national memorial to the North American Indians, and for other purposes; to the Committee on Interior and Insular Affairs.

CONVEYANCE OF ELLIS ISLAND TO STATE OF NEW YORK

Mr. IVES. Mr. President, on behalf of my colleague, the junior Senator from New York [Mr. LEHMAN], and myself, I introduce, for appropriate reference, a bill which would provide for the return to the State of New York of jurisdiction over Ellis Island and for the conveyance to the State of all interest of the United States in such island, for the purpose of establishing and operating thereon a clinic for the reception, care, treatment, and rehabilitation of chronic alcoholics. An identical bill is being introduced in the House of Representatives by Representative ST. GEORGE. I ask unanimous consent to have printed in the body of the RECORD, a brief statement concerning the bill.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 1886) to provide for the retrocession of jurisdiction over Ellis Island, and the conveyance of all interest of the United States in such island, to the State of New York, introduced by Mr. IVES (for himself and Mr. LEHMAN), was received, read twice by its title, and referred to the Committee on the Judiciary.

The statement presented by Mr. IVES is as follows:

STATEMENT OF SENATOR IVES

For many years, the Federal Government has operated an immigration center on Ellis Island in the harbor of New York City for the reception, care, custody, and processing of persons immigrating into the United States. Recently the Federal Government abandoned the use of Ellis Island for these purposes, and we are advised that the properties and facilities are no longer being operated or maintained by the Federal Government and will inevitably become obsolete and valueless for any purpose.

The New York State Legislature, by a concurrent resolution of the senate and assembly, has memorialized the Congress of the United States to cede and grant to the State of New York and/or the city of New York jurisdiction over and the title to all of the lands, properties, and facilities located at Ellis Island to be used as a clinic for chronic alcoholics. The New York State Legislature believes that Ellis Island is ideally suitable for and can be readily converted into a well-equipped clinic which could be operated and maintained by either the State of New York or jointly by both the State and the city of New York.

This bill, if enacted, would permit the establishment of a much-needed facility which could do much to alleviate the serious problem of alcoholism. Therefore, we urge its favorable consideration.

REPEAL OF MANUFACTURERS' EXCISE TAX ON MOTORCYCLES

Mr. WILEY. Mr. President, on behalf of myself, the junior Senator from Nebraska [Mr. CURTIS], the Senator from Louisiana [Mr. LONG], and the senior Senator from Nebraska [Mr. HRUSKA], I introduce, for appropriate reference, a bill to repeal the manufacturers' excise tax on motorcycles. I ask unanimous consent that an explantory statement, prepared by me, relating to the bill, be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the explanatory statement will be printed in the RECORD.

The bill (S. 1896) to repeal the manufacturers' excise tax on motorcycles, introduced by Mr. WILEY (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Finance.

The explanatory statement presented by Mr. WILEY is as follows:

EXPLANATORY STATEMENT BY SENATOR WILEY

The motorcycle industry in this country is a sick industry. In the 8 years, 1947–54, the industry as a whole showed profits before taxes in only 2 years, 1947 and 1948. In 1954 the entire industry operated at a loss.

If the commonly accepted business test of profits of sales is applied to this industry, the results are appalling: In 1951 it was 1.8 percent; in 1952 it was minus 0.2 percent; in 1953 an insignificant fraction of 1 percent; in 1954 it was minus 2.7 percent. (In industry generally the average profit to sales is around 10 to 12 percent before income taxes.)

In recent years the excise tax on motorcycles and motorcycle accessories and parts has ceased to be a revenue measure and has become a capital levy:

In 1951, when the industrywide profits before income taxes were $318,451, the 3 companies, nevertheless, paid $1,036,744 in excise taxes.

In 1953, when the "profit" before income taxes was $5,027, the industry, nevertheless, was required to pay $1,147,816 in excise taxes.

In 1949, 1952, and 1954 the industry paid a total of $3,326,057 in excise taxes—in the very years when it was operating at a loss.

And in 1954, at a time when every manufacturer operated at a loss, the industry was obliged to pay $1,018,784 in excise taxes.

The dilemma which confronts the motorcycle industry is this: (a) Domestic sales have been shrinking steadily (a 61 percent decline since 1947) but (b) foreign competition is finding the domestic market increasingly attractive—for instance: in 1954 foreign imports were 18,276 units (an increase of 81 percent in 5 years. Compare this figure with 1954 United States production of 23,525 units. Note that foreign imports were only 5,249 units short of the total domestic production).

The domestic industry faces 2 handicaps on foreign imports: (a) There is a built-in favorable price differential of between 25 and 30 percent on foreign motorcycles which the domestic industry cannot overcome because of the lower foreign wage rates; and (b) the excise tax plays directly into the hands of the foreign competition by swelling the domestic retail price to the further sales detriment of the American product.

Elimination of the excise tax would better enable the motorcycle industry to withstand foreign competition. The insignificant loss in excise revenues to the Treasury would be recouped by the larger corporate taxes by the motorcycle industry restored to economic health.

IMPROVEMENT OF AMITE RIVER, LA.

Mr. LONG. Mr. President, I introduce, for appropriate reference, a bill to authorize the improvement of the Amite River and its tributaries. I ask unanimous consent that a statement, prepared by me, pertaining to the bill, be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 1899) to authorize the improvement of the Amite River and its tributaries, introduced by Mr. LONG, was received, read twice by its title, and referred to the Committee on Public Works.

The statement presented by Mr. LONG is as follows:

STATEMENT BY SENATOR LONG

For some time it has been apparent that the tremendous industrial development in the vicinity of Baton Rouge, La., had overtaxed the facilities of the area and subjected the residents to the danger of flood damage any time rains of an unusually heavy nature were experienced. In an attempt to determine whether or not a Federal project was economically justified to remedy this condition, the Corps of Engineers was authorized to look into the matter and began a study as far back as 1951. Since that time, with funds authorized by the Congress, public hearings have been held and a detailed survey initiated. That survey is scheduled for completion and submission to the Chief of Engineers through proper channels by the end of May.

Only recently, severe property damage in the Baton Rouge area was averted by the absence of local rains following heavy rains in the drainage area above. This latest threat has demonstrated the complete inability of the Amite River and its tributaries, the Comite River and Bayou Manchac, to handle the flood control and drainage problem of this section of Louisiana without improvement designed to increase their capacity and their ability to carry out flood waters at a more rapid rate.

Due to the limited time schedule that will be available following the further handling of this report by the Chief of Engineers and feeling confident that the report that will be issued by the Chief of Engineers will be a favorable one, I am introducing a bill at this time to provide for the improvement of the Amite River and its tributaries as a means of providing needed protection to the residents of Louisiana in the general vicinity of Baton Rouge.

There is no doubt in my mind that this project will be amply justified economically. Brig. Gen. John R. Hardin has advised me that the report will leave the New Orleans district office by the end of this month and that he would handle it with top priority. If it is at all possible, we would like to have the project authorized at this session and hasten the day when the people from this section of Louisiana will be free from this constant flood menace.

EXTENSION OF PROGRAM FOR PRODUCTION OF CERTAIN DOMESTIC MINERALS — ADDITIONAL COSPONSORS OF BILL

Mr. GOLDWATER. Mr. President, on February 4, 1955, on behalf of myself, my colleague, the senior Senator from Arizona [Mr. HAYDEN], and the Senators from Montana [Mr. MURRAY and Mr. MANSFIELD], I introduced the bill (S. 922) to amend the Domestic Minerals Program Extension Act of 1953 in order to further extend the program to encourage the discovery, development, and production of certain domestic minerals. I ask unanimous consent that the names of the senior Senator from Nevada [Mr. MALONE], the Senator from North Carolina [Mr. SCOTT], and the junior Senator from Nevada [Mr. BIBLE], be added as cosponsors the bill, the next time it is printed.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., wre ordered to be printed in the RECORD, as follows:

By Mr. BYRD:

Address delivered by him before annual meeting of the United States Chamber of Commerce, Washington, D. C., May 4, 1955.

By Mr. WILEY:

Loyalty Day address delivered by him at the Veterans of Foreign Wars Loyalty Day program in Oskosh, Wis., on Saturday, April 30, 1955.

MENTAL HEALTH WEEK

Mr. BUSH. Mr. President, this week is Mental Health Week, which is being observed in more than 10,000 communities throughout the United States, Hawaii, Puerto Rico, Alaska, and the Philippines.

Connecticut was a pioneer in the fight against mental illness. Forty-seven years ago this week the first citizens' group in the world to aid in the cure of mental illness and to educate people on the importance of humanitarian treatment of the mentally ill was organized in my State.

As a United States Senator and as a director of the Connecticut Association for Mental Health, I urge the full support of Connecticut citizens and of citizens all over the United States in the fund-raising campaign being launched this week.

OPENING OF MILWAUKEE CEREBRAL PALSY CLINIC

Mr. WILEY. Mr. President, on Sunday, May 8, there will occur an important event in the life of the Milwaukee community.

At that time will occur the formal dedication and cornerstone laying of a new $350,000 cerebral palsy clinic built by the Milwaukee County Kiwanis Foundation.

I congratulate the men of Kiwanis, the contributors to this fund, the doctors, civic leaders, business, labor, religious, and other groups who have helped so significantly in so many ways this outstanding effort.

The cerebral palsy clinic is one more in a golden link of humanitarian efforts spread across this Nation by the famous organization, United Cerebral Palsy.

I ask unanimous consent that the text of a statement which I have prepared on this subject be printed at this point in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILEY

No one who has ever seen a youngster (or for that matter, an adult) suffering from cerebral palsy, needs to be told of the importance of the remedial job being done by UCP in research, education, legislation, consultation and many other fields.

Fortunately, more and more progress is being made against cerebral palsy.

CONVENTION LAST NOVEMBER IN WASHINGTON

Last November, the fifth annual convention of UCP was held here in our Nation's Capital. It marked a significant milestone in the growth of this fine organization—UCP.

The convention heard addresses from outstanding medical leaders on various problems involved in prevention, diagnosis, treatment, and rehabilitation. It heard from grassroot leaders of UCP; from Karl K. Van Meter, UCP executive director; from Glidden L. Brooks, M. D.; UCP medical directors and from others.

It is often said that an institution is "but the lengthened shadow of one man." This is particularly true in his instance, for UCP is the lengthened shadow of its devoted president, Founder Leonard Goldenson, president of the American Broadcasting-United Paramount Theaters Co. He, with Mrs. Goldenson, received a well-deserved award for years and years of selfless efforts for the cerebral palsied. Although Mr. Goldenson has now tendered over his seal of the presidency of UCP, his heart and efforts remain with it.

As regards other phases of the fifth convention, it was addressed among others, by our distinguished colleague, the senior Senator from Minnesota, Mr. THYE, who, I am glad to say, subsequently reprinted his comments in the CONGRESSIONAL RECORD.

Entertainment was provided by Mrs. Jane Pickens Langley, UCP secretary and chairman of its entertainment committee who has worked so effectively, particularly on UCP's famous telethons.

An inspiring story of progress and a challenging report of tasks still ahead was related at the convention. Perhaps symbolic of achievements to date was the presentation of a 16 x 20 inch oil portrait of Mr. Goldenson painted by Mr. James D. Ensign of Oakland, Calif. Since Mr. Ensign has, however, been a cerebral palsy victim for 25 years and can move only the lower portion of his body, he achieved the almost unbelievable end product by simply using the toes of his left foot. This is the same Mr. Ensign who, in 1952, painted a faithful portrait of President Eisenhower which now hangs in the White House.

This amazing demonstration of man's conquest of a handicap represents the sort of spirit which has guided UCP so well that within the time period of but these few years, it has become an indispensable aid in the conquest of this affliction.

I am proud that Wisconsin, which has done fine work for UCP, will now be in a position to be a further pace-setter in treatment, thanks to the Milwaukee County Kiwanis Foundation. The new clinic, incidentally, is supported by Easter seal society.

I wish God-speed to the foundation and to UCP throughout the land. Countless parents and young folks throughout the Nation are indebted to it for giving to them hope in the future, hope for a brighter tomorrow.

THE PRAYER OF PARENTS

Many a grateful parent whose children fortunately are completely well, may say, "There but for the grace of God goes my child."

And the determined parents of handicapped children say, "There with the grace of God goes my palsied child, but he or she is going to be given every possible chance."

Fortunately, the fogs are lifting—the fog of ignorance, the fog of misunderstanding of this problem, the fog that leads some people mistakenly to underestimate the normal and in a great many instances, above-normal intelligences and abilities of palsied youngsters and adults.

So, here is wishing this UCP effort continued success in Milwaukee, in the District of Columbia (scene of a fine local chapter), and everywhere else.

EXTENSION OF TRADE AGREEMENTS ACT

The PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business, which is H. R. 1.

The Senate resumed the consideration of the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, I yield 10 minutes on the bill to the junior Senator from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. President, I intend to support H. R. 1. I am convinced that the Trade Agreements Act has assisted our general economy, has built up markets all over the world for American products and has given much employment to our workers. Its value to our farming community is of great concern. I feel that the existence of this increased foreign trade has prevented a disastrous economic slump, with all its ramifications.

I am not asking that destructive amendments be placed into the act, and I wish to see an effective and a strong reciprocal trade bill passed by the Senate. In most phases, I feel the committee has done an outstanding job in attempting to harmonize the real difficulties that apply in any such trade bill, dealing with the business of a nation whose production problems are so widespread and so diversified as are those of the United States today.

In considering foreign trade, I feel we all recognize that quality as well as quantity is important. The products of American factories are recognized by all Americans for their quality, their design, their nationally known trade names, and their general acceptability not only to the trade in the United States, but in the world as well.

Under the Reciprocal Trade Act, many high tariffs have been scaled down to permit competition from foreign goods. But in most of these cases in which we

concern ourselves the choice of the product, and its various qualities of trade acceptability insure a good deal of preference for the American product. If this were not true, then American products would not be commanding a premium scale in nearly every country of the world.

However, in the production of raw materials such as oil and lead and zinc, this preference for an American product does not exist either at home or abroad. A barrel of oil or a ton of zinc concentrates is the same the world over. There is no chance that because the product is of American origin, it will enjoy a preference for customers. This is not generally true in regard to manufactured products, and hence the exact comparison exists only as to the delivered price in this country.

It appears to me that one of the chief difficulties in regard to widespread disagreement on the bill relates primarily to raw materials. Our production of agricultural commodities must be protected here at home, and consequently strong powers are maintained to avoid flooding the American market with basic farm products.

This is necessary, since in order to support and maintain a reasonable price for farm products, these basic crops are under acreage allotments which reduce by 20 to 30 percent the number of acres a farmer may plant. It would be suicidal to open the doors to the world for the unlimited importation of these farm commodities when we have restricted production at home and still have ever-growing surpluses. Our strength in national defense depends on a healthy, sound agricultural economy.

The same rule applies in large part to the production of mineral resources. While we feel that imports up to a certain degree can be helpful in maintaining auxiliary supplies, certainly the unlimited importation of these raw materials would eventually weaken our defense capacity at home.

I am glad that the committee included in its amendments a provision giving the President the right, after investigation, to use quotas for such importations when he finds that such imports threaten to impair the national security.

This amendment is to subsection (b), section 7, and reads as follows:

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

I feel that in reporting this amendment, the committee itself recognizes the validity of the case made by those of us who testified regarding the danger of excessive imports of petroleum, lead, zinc and other minerals. I wish I could feel that it is strong enough to protect the vital industries so indispensable for our national security and welfare.

It seems to me that while this amendment starts in the right direction, it falls short of giving such industries the assurance they need if they are to plan ahead, and develop production that will be vital to our actual defense needs in the event of all out war.

In the case of petroleum, the proration that exists in almost all the oil-producing States is clear proof that the oil industry has carried out its obligation to develop reserves far beyond our current peacetime needs. In my own State, our production capacity has increased greatly while our allowable production under State proration has steadily decreased. The same is true of almost all of the other 25 oil-producing States.

Thus, as our capacity to produce has been ever on the increase with the additional discovery of known and proven reserves, the allowable takings from oil wells has been decreased.

Last year Oklahoma's production, in spite of advancing productive capacity, was cut back by 16 million barrels from 1953. Our production of 186,349,000 barrels was the lowest since 1950. This was during a period when foreign imports of crude oil increased from 177,714,000 barrels to 239,479,000 barrels—a gain of 60 million barrels over that period.

I have just had word from the State regulatory authority in Oklahoma that production will be cut back again in the month of May by 20 percent from the production for April. This is indeed a serious blow to our entire oil production industry. State conservation regulation is necessary to prevent wastage of oil by the production of more than the pipelines and refineries in the midcontinent area can absorb. Storage above ground is not available, and it is wasteful to allow the wells to run more oil than the facilities in our area can absorb. The general maximum allowed for our wells is now down to 25 barrels by the present order.

I have also just had word that the State of Texas regulatory authorities were also forced to cut the oil production in that State. The cut will be 214,195 barrels a day.

Bear in mind that these reductions are ordered by the State regulatory bodies, and only because there is no market available for the oil supply that is shut in.

The estimates of the maximum efficient rate of production sustainable has been increasing in the United States year after year. This is the rate at which the industry could best produce and recover the maximum amount of our oil reserves.

This has grown from 7,300,000 barrels a day daily average in 1951 to 9,220,000 barrels in 1955. For the year 1956 it is estimated to be 9,720,000 barrels a day. Taking into consideration the natural depletion of existing wells, it shows that our capacity to produce at a sound rate is still on the increase.

The grave danger lies, however, in the fact that because of foreign oil imports this production must be cut back drastically. While in 1954 we had the productive capacity to produce economically 8,945,000 barrels of crude oil and natural gas liquids a day, we were allowed to produce only 7,027,000 barrels because that was all the market could absorb along with that brought in from abroad. Thus the production of 1,918,000 barrels a day was lost. This represented a shut-in of a total of 21.4 percent of our production.

These drastic cutbacks in production of available supply strike at every phase of life in the oil-producing States. They hit employment first as this depression in the oil production industry curtails drilling activities. Now more than 115 drilling rigs are stacked in Oklahoma. Each of these has a normal payroll of $800 a day. Not only is unemployment running at its highest point in recent years in the drilling industry, but the vital and valuable know-how of oil production is being lost as these trained and experienced crews drift off to work in other fields or in other businesses. The normal payroll for Oklahoma oil workers runs to nearly $242 million a year.

Oil pays a substantial share of State taxes in all of the oil-producing States. In Oklahoma the total is approximately $30 million—10 percent of our budget. It supports our schools and our small communities with the tax revenue. Our loss in State revenue this year will exceed $6 million because of curtailed production against the income we received in taxes last year.

Oklahoma will lose $40 million in gross income from oil that has been cutback this year and this loss will affect every branch of our business life. The same is true of almost all the other oil-producing States.

All this is happening while the foreign imports continue to climb year after year—as I have said, a total of more than 60 million barrels from 1950 to 1954. Last year the total annual imports again gained 3 million barrels.

Our objection to the bill is not in the lowering of tariffs—the usual problem in foreign trade. It goes to the allocation of the share of the American market that we can safely permit to be absorbed by imported oil. It would seem to me that the Neely amendment, which seeks to limit imports to a ratio of 10 percent of the domestic demand, offers the best assurance that we can accept foreign oil within safe limits to our own indispensable oil supply at home.

While tariff adjustments upward on lead, zinc, and other minerals might be helpful, they will not assist the United States in solving its problem on oil imports. Because of the vast difference in the high production costs at home and in the rich fields of the Middle East, a tariff would be useless.

Already oil has borne the brunt of tariff adjustments until today, for all practical purposes, it is virtually untaxed, so far as duty is concerned.

But it would be futile to apply tariff relief to the oil problem. The sharing of the market on a definite predetermined basis offers the best opportunity and in this way no increased tariffs are involved.

The proposal would not limit the importation of crude oil to a fixed amount, but the foreign producers would continue to share in increasing degree as the domestic market increased its demands.

But if the American production is to be continued to increase, if our search for oil on our own lands is to continue, something must be done to eliminate the disaster of unregulated and unpredictable imports. No industry can plan ahead in its production, in its search for oil, in its investment, if anytime their investment can be swept away because the ratio of imports is doubled or tripled. The Neely amendment would give us firm assurance that this could not happen.

Under the committee proposal the sole power to impose quotas rests in the hands of the President. What assurance have the producers throughout the 25 oil-producing States that the President will act under this provision, even though the importation of oil is drastically increased?

The members of the committee recognize the danger of this happening, but have stopped far short of giving the industry a chance to feel it has assurance of the 90–10 percent ratio sharing of the American market. Historically, this represents a not-too-great cutback in the imports, but its effect on the health of a vital, growing and expanding domestic oil-production industry would be tremendous.

The committee in including in its report the report of the President's Advisory Committee on Energy Supplies and Resources Policy gives approval to the fact that oil imports at least should not exceed their current level.

Mr. President, I ask unanimous consent to have printed at this point in my remarks the portion of the President's Advisory Committee report dealing with this subject.

There being no objection, the portion of the report was ordered to be printed in the RECORD, as follows:

An expanding domestic oil industry, plus a healthy oil industry in friendly countries which help to supply the United States market, constitute basically important elements in the kind of industrial strength which contributes most to a strong national defense. Other energy industries, especially coal, must also maintain a level of operation which will make possible rapid expansion in output should that become necessary. In this complex picture both domestic production and imports have important parts to play; neither should be sacrificed to the other.

Since World War II importation of crude oil and residual fuel oil into the United States has increased substantially, with the result that today these oils supply a significant part of the United States market for fuels.

The committee believes that if the imports of crude and residual oils should exceed significantly the respective proportions that these imports of oils bore to the production of domestic crude oil in 1954, the domestic fuels situation could be so impaired as to endanger the orderly industrial growth which assures the military and civilian supplies and reserves that are necessary to the national defense. There would be an inadequate incentive for exploration and the discovery of new sources of supply.

In view of the foregoing, the committee concludes that in the interest of national defense imports should be kept in the balance recommended above. It is highly desirable that this be done by voluntary, individual action of those who are importing or those who become importers of crude or residual oil. The committee believes that every effort should be made and will be made to avoid the necessity of governmental intervention.

The committee recommends, however, that if in the future the imports of crude oil and residual fuel oils exceed significantly the respective proportions that such imported oils bore to domestic production of crude oil in 1954, appropriate action should be taken.

The committee recommends further that the desirable proportional relationships between imports and domestic production be reviewed from time to time in the light of industrial expansion and changing economic and national-defense requirements.

In arriving at these conclusions and recommendations, the committee has taken into consideration the importance to the economies of friendly countries of their oil exports to the United States as well as the importance to the United States of the accessibility of foreign-oil supplies both in peace and war.

Mr. MONRONEY. Mr. President, we are concerned that, in case the President does not choose to act, the fantastic reserves of the seven major American companies in the Middle East could wreak havoc on the entire domestic oil-production industry.

The President had the power to act in increasing tariffs on lead and zinc. In fact, a unanimous report of the Tariff Commission recommended action under the hardship provisions of the act and suggested that moderate revisions be made in the duties on lead and zinc in order to relieve the hardship and the distressing unemployment in many communities because of the excessive imports.

This unanimous report of the Tariff Commission was turned down and a substitute of purchasing domestic production for stockpiling purposes was instituted. While this has helped to a very small degree, it is far short of the relief this mining industry needed to maintain its employment and production.

Thus, the independent petroleum industry is worried that the provision in the committee amendment will not be utilized in the discretion of the President, and that it may turn out to be only an empty gesture.

When we realize that the vast reserves owned by four American companies in the Middle East total 36 billion barrels—more than the presently known reserves of all the United States—we can realize the peril the independent producers find themselves faced with.

These sands are many, many times deeper and more productive than those usually found in the United States. Because of the great productive capacity of each well, few wells have to be drilled, because these oil companies deal only with the heads of the governments there—not with the hundreds or thousands of small landowners who, under the law, are entitled to have offset wells drilled in each field discovered.

Production costs are far lower and with the advent of bigger and bigger tankers this middle-eastern oil can be landed very cheaply at the eastern ports near our centers of large oil consumption. It would be expecting the impossible to assume that the giant oil companies which have these staggering reserves, and also have availability to cheap water transportation to the center of our market, would want to forego the profits to be made in their operation.

Even if they had such a desire, the antitrust laws would not permit them to combine for self-regulation. One large company increasing its shipments can force the others to match their imports. The pressures also exist from these middle-eastern countries to have ever-increasing amounts of oil exported in order to further strengthen their financial position.

In addition, there are far greater tax advantages accruing to the importing companies from this production. They have only to deal with the central foreign government, while the independents and even the major companies operating in the United States must pay all levies, Federal, State, county, and local taxes.

Finally, Mr. President, it would seem to me that the frequently heard and logical argument for more liberal trade policies, that America has nothing to fear from foreign competition, does not and cannot apply to the present oil situation.

We are not competing with the engineers, the geologists, the petroleum production men of Saudi Arabia or Iraq or Kuwait. We are in fact competing with ourselves.

We are competing with the best and the finest that the domestic oil industry has produced in the way of men, engineers, equipment, capital, and know-how. We are competing with all the great American success stories in finding and producing oil and in getting it to market at the cheapest possible cost.

Every one of these giant companies made its money in American oil, and owes its great success to the fields in this Nation. Now, by transplanting this efficiency and effectiveness into areas where nature has endowed the lands with oil-bearing sands hundreds of feet thick, the problem of America's survival as a major oil producing nation is threatened.

Certainly we should and must accept oil from abroad. But it would seem to me that a ratio must be established somewhere unless we are to see an ever-declining activity at home in this vital defense resource. The Neely Amendment offers a chance to hold this ratio of imports to 10 percent of domestic demand so that our search for undiscovered oil in America can continue to go forward.

In conclusion, let me make reference to one fallacy I have heard many Senators discuss. They say that if we import more and more oil we will save the oil reserves remaining in this Nation.

That theory, Mr. President, is gross oversimplification. Our resources in oil will increase only as they are used. The economic production of our domestic fields means more and more money for additional exploration and search for oil. To rely on heavier and heavier imports of oil would cause a drying up of new sources, and end of exploration and development of new fields.

Thus if imports continue to increase in an ever-increasing flood, we will be caught short at home for a reliable expandable and producible reserve supply for national defense. The more profitable our oil-producing industry is at home, the greater and greater will be the added reserves we discover and develop. There is proof positive that this is true, since despite the great demands made on the domestic petroleum industry to provide oil for World War II and the Korean war, our known reserves of supplies have been ever increasing.

Mr. President, I sincerely hope that the Senate will see fit to limit the oil imports in 10 percent of the domestic demand, and again place the oil industry here at home on such a basis that we may always have an available and accessible supply of oil for our uses whether in peace or in war.

Mr. JOHNSON of Texas. Mr. President, I should like to inquire whether the Senator from Nevada is prepared to call up his amendment.

MALONE AMENDMENT TO H. R. 1 IN THE NATURE OF A SUBSTITUTE—FAIR AND REASONABLE COMPETITION VERSUS FREE TRADE

Mr. MALONE. Mr. President, I call up my amendment in the nature of a substitute for H. R. 1. I ask that my amendment be printed in the RECORD at this point.

The PRESIDENT pro tempore. Without objection, the amendment will be printed in the RECORD at this point.

The amendment proposed by Mr. MALONE to the bill (H. R. 1) is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

"DECLARATION OF POLICY

"SECTION 1. It is declared to be the policy of the Congress—

"(a) to facilitate and encourage the importation into the United States of foreign goods and products in quantities sufficient to supply the needs of the United States economy;

"(b) to foster and provide for the export of the products of American industry and agriculture in quantities sufficient to pay for the needed imports.

"(c) to develop and promote a well-balanced, integrated, and diversified production within the United States so as to maintain a sound and prosperous national economy and a high level of wages and employment in industry and agriculture;

"(d) to provide necessary flexibility of import duties thereby making possible appropriate adjustments in response to changing economic conditions;

"(e) to assure the accomplishment of these objectives by returning to and maintaining hereafter in the United States the control over American import duties now subject to international agreements.

"RESTATEMENT OF EXISTING IMPORT DUTIES

"SEC. 2. Title I, paragraphs 1 to 1559, inclusive, of the Tariff Act of 1930 are hereby amended by repealing the classifications and rates therein contained and substituting therefor the classifications and rates obtaining and in effect on June 12, 1955, by reason of proclamations of the President under section 350 of the Tariff Act of 1930 or otherwise.

"ADMINISTRATION OF TRADE AGREEMENTS

"SEC. 3. Title III, part II, of the Tariff Act of 1930 is amended by adding after section 331 the following new section:

"'SEC. 331A. Administration of trade agreements.

"'(a) All powers vested in, delegated to, or otherwise properly exercisable by the President or any other officer or agency of the United States in respect to the foreign trade agreements entered into pursuant to section 350 of this act are hereby transferred to, and shall be exercisable by the Commission, including, but not limited to, the right to invoke the various escape clauses, reservations, and options therein contained, and to exercise on behalf of the United States any rights or privileges therein provided for the protection of the interests of the United States.

"'(b) The Commission is hereby authorized and directed—

"'(1) to terminate as of the next earliest date therein provided, and in accordance with the terms thereof, all the foreign trade agreements entered into by the United States pursuant to section 350 of this act;

"'(2) to prescribe, upon termination of any foreign trade agreement, that the import duties established therein shall remain the same as existed prior to such termination, and such import duties shall not thereafter be increased or reduced except in accordance with this act.'

"PERIODIC ADJUSTMENT OF IMPORT DUTIES

"SEC. 4. Title III, part II, section 336, of the Tariff Act of 1930 is hereby amended to read as follows:

"'SEC. 336. Periodic adjustment of import duties.

"'(a) The Commission is authorized and directed from time to time, and subject to the limitations hereinafter provided, to prescribe and establish import duties which will, within equitable limits, provide for fair and reasonable competition between domestic articles and like or similar foreign articles in the principal market or markets of the United States. A foreign article shall be considered as providing fair and reasonable competition to United States producers of a like or similar article if the Commission finds as a fact that the landed duty paid price of the foreign article in the principal market or markets in the United States is a fair price, including a reasonable profit to the importers, and is not substantially below the price, including a reasonable profit for the domestic producers, at which the like or similar domestic articles can be offered to consumers of the same class by the domestic industry in the principal market or markets in the United States.

"'(b) In determining whether the landed duty paid price of a foreign article, including a fair profit for the importers, is, and may continue to be, a fair price under subdivision (a) of this section, the Commission shall take into consideration, insofar as it finds it practicable—

"'(1) The lowest, highest, average, and median landed duty paid price of the article from foreign countries offering substantial competition;

"'(2) Any change that may occur or may reasonably be expected in the exchange rates of foreign countries either by reason of devaluation or because of a serious unbalance of international payments;

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

"'(4) Increases or decreases of domestic production and of imports on the basis of both unit volume of articles produced and articles imported, and the respective percentages of each;

"'(5) The actual and potential future ratio of volume and value of imports to volume and value of production, respectively;

"'(6) The probable extent and duration of changes in production costs and practices;

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

"'(c) Decreases or increases in import duties designed to provide for fair and reasonable competition between foreign and domestic articles may be made by the Commission either upon its own motion or upon application of any person or group showing adequate and proper interest in the import duties in question: *Provided, however,* That no change in any import duty shall be ordered by the Commission until after it shall have first conducted a full investigation and presented tentative proposals followed by a public hearing at which interested parties have an opportunity to be heard.

"'(d) The Commission, in setting import duties so as to establish fair and reasonable competition as herein provided, may, in order to effectuate the purposes of this act, prescribe specific duties or ad valorem rates of duty upon the foreign value or export value as defined in sections 402 (c) and 402 (d) of this act or upon the United States value as defined in section 402 (e) of this act.

"'(e) In order to carry out the purposes of this act, the Commission is authorized to transfer any article from the dutiable list to the free list, or from the free list to the dutiable list.

"'(f) Any increase or decrease in import duties ordered by the Commission shall become effective 90 days after such order is announced: *Provided,* That any such order is first submitted to Congress by the Commission and is not disapproved, in whole or in part, by concurrent resolution of Congress within 60 days thereafter.

"'(g) No order shall be announced by the Commission under this section which increases existing import duties on foreign articles if the Commission finds as a fact that the domestic industry operates, or the domestic article is produced, in a wasteful, inefficient, or extravagant manner.

"'(h) The Commission, in the manner provided for in subdivisions (c) and (f) in this section, may impose quantitative limits on the importation of any foreign article, in such amounts, and for such periods, as it finds necessary in order to effectuate the purposes of this act: *Provided, however,* That no such quantitative limit shall be imposed contrary to the provisions of any foreign trade agreement in effect pursuant to section 350 of this act.

"'(i) For the purpose of this section—

"'(1) the term "domestic article" means an article wholly or in part the growth or product of the United States; and the term "foreign article" means an article wholly or in part the growth or product of a foreign country;

"'(2) the term "United States" includes the several States and Territories and the District of Columbia;

"'(3) the term "foreign country" means any empire, country, dominion, colony, or protectorate, or any subdivision or subdivisions thereof (other than the United States and its possessions);

"'(4) the term "landed duty paid price" means the price of any foreign article after payment of the applicable customs or import duties and other necessary charges, as represented by the acquisition cost to an importing consumer, dealer, retailer, or manufacturer, or the offering price to a con-

sumer, dealer, retailer, or manufacturer, if imported by an agent.

"'(j) The Commission is authorized to make all needful rules and regulations for carrying out its functions under the provisions of this section.

"'(k) The Secretary of the Treasury is authorized to make such rules and regulations as he may deem necessary for the entry and declaration of foreign articles with respect to which a change in basis of value has been made under the provisions of subdivision (d) of this section, and for the form of invoice required at time of entry.'

"AMENDMENT OF SECTION 337

"SEC. 5. Title III, part II, section 337, of the Tariff Act of 1930 is hereby amended as follows:

"(a) Subdivision (a) thereof by striking out the word 'President' and substituting therefor the words 'Tariff Commission.'

"(b) Subdivision (b) thereof is hereby repealed.

"(c) Subdivision (d) thereof is hereby repealed.

"(d) Subdivision (e) thereof is hereby amended to read as follows:

"'(e) Exclusion of articles from entry: Whenever the existence of any such unfair method or act shall be established to the satisfaction of the Commission, it shall direct that the articles concerned in such unfair methods or acts, imported by any person violating the provisions of this act, shall be excluded from entry into the United States, and upon information of such action by the Commission, the Secretary of the Treasury shall, through the proper officers, refuse such entry.'

"(e) Subdivision (f) thereof is hereby amended to read as follows:

"'(f) Entry under bond: Whenever the Commission has reason to believe that any article is offered or sought to be offered for entry into the United States in violation of this section, but has not information sufficient to satisfy it thereof, the Secretary of the Treasury shall, upon its request in writing, forbid entry thereof until such investigation as the Commission may deem necessary shall be completed; except that such articles shall be entitled to entry under bond prescribed by the Secretary of the Treasury.'

"(f) Subdivision (g) thereof is hereby amended to read as follows:

"'(g) Continuance of exclusion: Any refusal of entry under this section shall continue in effect until the Commission shall find and advise the Secretary of the Treasury that the conditions which led to such refusal of entry no longer exist.'

"STATISTICAL ENUMERATION

"SEC. 6. Title IV, part III, section 484 (e), of the Tariff Act of 1930 is hereby amended to read as follows:

"'(e) Statistical enumeration: The Chairman of the Tariff Commission is authorized and directed to establish from time to time, after consultation with the Secretary of the Treasury and the Secretary of Commerce, a statistical enumeration of imported articles in such detail as he may consider necessary and desirable to effectuate the purposes of this act. As a part of each entry there shall be attached thereto or included therein an accurate statement giving details required for such statistical enumeration. The Secretary of Commerce is hereby authorized and directed to make such reasonable and proper digests from, and compilations of, such statistical data as the Chairman requests. In the event of a disagreement between the Chairman and the Secretary of Commerce, as to the reasonable and proper nature of any request the matter shall be referred to the President whose decision shall be final.'

"REVISED TEXT OF TARIFF ACT

"SEC. 7. The Tariff Commission, as soon as practicable, shall prepare and cause to be printed as a public document available for public distribution a complete revised text of the Tariff Act of 1930, as amended: *Provided, however,* That nothing herein shall be construed as superseding the provisions of section 101, title I, of the Customs Smiplification Act of 1954.

"EFFECTIVE DATE

"SEC. 11. This act shall take effect as of June 12, 1955."

H. R. 1 WRONG IN PRINCIPLE—DISRUPTIVE IN EFFECTS

Mr. MALONE. Mr. President, the 1934 Trade Agreements Act to be extended by H. R. 1 sets industry against industry, workingmen's group against workingmen's group, investors against investors. One industry, group, or interest may be preserved while another industry, group, or interest may be traded off and sacrificed for some real or fancied political preferment. That is the policy embodied in the act and bill. It is a policy wrong in principle and disruptive in its effects. The bill which is before the Senate, H. R. 1, will help foreigners and will hurt Americans.

FREE TRADE AND BREAD TO THE UNEMPLOYED

Tuesday's newspapers carried two important stories. One reports President Eisenhower's address before the United States Chamber of Commerce urging further power to reduce duties on imports. The other tells of plans to distribute bread to the unemployed in the Nation's distressed areas.

Mr. President, I think the two stories are related. President Eisenhower, in his address, conceded that the trade program will spell some dislocations and require concessions, some of which will be a bit painful. He says it will connect an increasing and growing, widely shared prosperity at home with international peace. I am quoting Tuesday's Washington Post and Times Herald and Monday's Star.

The other story reports the House Agriculture Committee's approval of "a bill providing for the conversion of surplus grain into flour and cereal for free distribution to needy families in distress areas of the Nation."

FOODS DOLED TO UNEMPLOYED LISTED

I quote several paragraphs from the news article:

Representative PAT JENNINGS, Democrat of Virginia, author of the bill, reported during the committee hearings that families of some unemployed coal miners in his district are not getting enough to eat.

"What are they eating," inquired Representative AUGUST H. ANDRESEN, Republican of Minnesota.

"They're living on free cheese, dried milk, beans, rice, butter, and shortening," JENNINGS replied.

The free flour, cornmeal, and oatmeal would be made available in areas where the Labor Department finds unemployment to be more than 6 percent.

IMPORTS FROM LOW-WAGE NATIONS CAUSE OF HUNGER AND DISTRESS

Of course, as I have pointed out on the Senate floor many times, a primary cause of distress and unemployment in the United States are imports from low-wage foreign nations resulting from the 1934 trade program we are being asked to extend.

THE RUSSIAN WAY

Mr. President, yesterday I discussed the bill which had been introduced by Senators HUMPHREY and KENNEDY to compensate unemployed men who lose their positions through these imports, to compensate investors for the loss of their investments, and to pay transportation of unemployed workers to other areas where they might be able to secure employment.

Mr. President, that is the Russian way; that is not the American way.

H. R. 1 will put more profits into the pockets of foreign producers while Congress considers legislation to put bread into the mouths of unemployed and hungry American families.

Since the 1934 Trade Agreements Act was enacted we have had two foreign wars, suffered 1,190,000 casualties, of whom 318,668 were killed, and seem to be on a permanent war economy which has brought our Federal debt to around $280 billion.

We have poured out $100 billion in dollar aid to foreign nations. To this dollar aid we have added American jobs and markets, and H. R. 1 proposes to hand over to foreign nations more of our American jobs and markets in the name of international peace.

CAKE FOR FOREIGNERS; BREADLINES FOR AMERICANS

H. R. 1 will provide cake for foreign producers while America's unemployed eat bread, doled out by the Department of Agriculture.

Mr. President, the 1952 Republican platform pledged that trade agreements "will be entered into and maintained on a basis of true reciprocity and to safeguard our domestic enterprises and the payrolls of our workers against unfair import competition."

REPUBLICAN-DEMOCRATIC PLATFORMS 1856 TO 1948

Later in my address I shall ask to have printed in the RECORD a compilation of the Republican platforms from 1856 to 1942, and also the Democratic platforms from 1856 to 1952.

For a century of time the Republican platforms have advocated a duty or tariff to equalize the cost of production between our wage-standard of living and that in the chief competitive nation on each product—for that length of time the Democratic platform has advocated a free trade program.

There is and has been no true reciprocity.

NO SAFEGUARDS TO PAYROLLS AND INVESTMENTS IN H. R. 1

There are no safeguards to domestic enterprises or to the payrolls of our workers against unfair import competition. There are no safeguards in the pending bill. Every decision is to be left to the Executive. Any questions with reference to the peril point, the escape clause, or import quotas, are to be left to the decision of one man, who will delegate authority to the State Department, which is comprised of those who have been free traders from the start, and one-economic-worlders for 22 years.

POWER DELEGATED TO GATT 3,000 MILES AWAY

From there where is the power delegated? It is handed over to the General Agreement on Tariffs and Trade at Geneva, 3,000 miles away, where the representatives of 33 nations sit with the representative of the United States of America and decide on multilateral trade agreements which will destroy the American workingman and the American investor.

A CENTURY-OLD POLICY ABANDONED

The Republican principle of safeguarding industries, payrolls, and investments, a key principle of the party for a century of time, will simply have been abandoned if Congress passes this bill.

Abraham Lincoln's 1860 platform and the 1952 Republican platform will have been abandoned.

President Lincoln's platform—and the Republican platform of 1860—read:

> That while providing revenue for the support of the general Government by duties upon imports, sound policy requires such an adjustment of these imposts as to encourage the development of the industrial interests of the whole country.

CONGRESS TO THE PRESIDENT TO GENEVA GATT

There was nothing said about placing the authority in the hands of one man, who would thus be enabled to trade or to bargain away any part of the domestic economy, or to dry up any part of the United States of America for a foreign political consideration.

That is exactly what H. R. 1 implies, and that is what its sponsors would like to do.

LINCOLN'S 1860 PLATFORM

> We commend that policy of national exchanges which secures to the workingmen liberal wages, to agriculture remunerative prices, to mechanics and manufacturers an adequate reward for their skill, labor, and enterprise, and to the Nation commercial prosperity and independence.

THE HOAX OF "RECIPROCAL TRADE" AND "TRADE, NOT AID"

That was the Lincoln platform. Subsequent platforms renewed that pledge, until the hoax of so-called reciprocal trade was invented by London bankers, just as the slogan "trade, not aid" was invented in 1952 by Mr. R. A. Butler, the Chancellor of the Exchequer of Great Britain. That is just one more catch phrase which has been foisted upon the American people and the Republicans in Congress. The term "reciprocal trade" is a fiction. There has never been reciprocal trade, and there never will be, so long as American industries and workers are manipulated as pawns in the game of international politics.

FREE TRADE AND INTERNATIONAL PEACE

Today the foreign trade policy seems to be this: "It is going to hurt, but it will be all right in the end."

Some industries are to be taken to the woodshed and whipped, but it will make our foreign friends happy, and making them happy will advance international peace. That is the theory, and it is a ridiculous theory, as history has proved.

At least this administration is being honest about it, which cannot be said for its predecessors.

Secretary of State Dulles told the Senate Finance Committee on March 15, 1955:

> I do not think you can have imports without some damage, and if your rule is that you will not have imports or tariff reductions or sustain them if there is any damage to anybody, then I think it is unworkable.

MR. DULLES VERSUS 1952 REPUBLICAN PLATFORM

I commended Mr. Dulles upon the frankness of his testimony. Mr. Dulles was honest about it, but what he saw is not what the 1952 Republican platform says. It says that our domestic enterprises and the payrolls of our workers are to be safeguarded against unfair import competition.

Such a circumstances would be "unworkable," according to Mr. Dulles. I prefer the Republican platform.

H. R. 1 FOREIGN POLICY BILL, NOT TRADE BILL

H. R. 1 is not a trade bill; it is a foreign policy bill, and was so construed by Mr. Dulles in his testimony before the Senate Finance Committee, who feared "international repercussions" and "grave" consequences if safeguards were added to the bill. No safeguards of any consequence have been added.

Industries have been hurt and industries will be hurt by this bill and its principal administration proponents admit it.

For nearly 5 weeks the Senate Finance Committee heard testimony from industry and labor spokesmen who cited specific statistics and information on how they are being hurt. Similar testimony was offered before the Ways and Means Committee.

This bill disregards all of their testimony and data. The attitude seems to be they need not worry about what happens to them or their employees. Whatever happens, the Government will give them bread, or at least cornmeal.

FOREIGN NATIONS NEVER RECIPROCATE

The Republican platform said that any trade agreements entered into would be maintained on a basis of reciprocity. Let us see how our foreign friends have reciprocated.

Thirty-two of them have raised their tariffs on products from the United States. They will be found listed in my minority report on H. R. 1.

Sixty-eight require import licenses on American products generally, and 9 others on some products, or a total of 77.

Thirty-eight require exchange permits.

FOREIGN TRADE BARRIERS DOCUMENTED

Mr. President, I ask unanimous consent to have printed in the RECORD a summary of foreign control regulations applying to imports from the United States, prepared by the Bureau of Foreign Commerce of the Department of Commerce, and published in the Department's Foreign Commerce Weekly of February 14, 1955.

There being no objection, the summary was ordered printed in the RECORD, as follows:

SUMMARY OF FOREIGN CONTROL REGULATIONS APPLYING TO IMPORTS FROM THE UNITED STATES

The following tabulation of import and exchange permits required in foreign countries, prepared by the Bureau of Foreign Commerce as an aid to exporters, has been revised as of January 1, 1955.

These regulations apply primarily to goods of United States origin and to other goods payable in United States dollars.

In many countries foreign goods may not be imported unless they are covered by import licenses, which must be obtained by the importer. In some cases the import licenses must be granted before the order for goods is placed. In various countries the importer also is required to obtain an exchange permit before payment for the import may be made.

United States exporters therefore are advised to make certain before shipping that the importer has obtained the required permit. Exporters should insist on being informed as to the identifying number or symbol of the document.

More detailed information on licensing and exchange controls may be obtained from the field offices of the United States Department of Commerce. Publications covering licensing and exchange controls of individual countries also are available from the field offices at a nominal charge.

Country	Is import license necessary?	Is exchange permit required?
Afghanistan	No; but a declaration or customs permit must be obtained from border officials.	No; but permission to remit foreign exchange to exporters abroad must be obtained from the Government bank.
Anglo-Egyptian Sudan	Yes	Yes.
Arabian Peninsula areas:		
Saudi Arabia	No; except for International Wheat Agreement (IWA) shipments.	No; except for IWA shipments.
Aden, Bahrein, Qatar, Trucial Oman	Yes	Yes.
Kuwait, Muscat, and Oman, Yemen	No	No.
Argentina	No; except for certain products subject to import quota	Yes; permit granted only for listed products. Application should be filed prior to confirmation of purchase order.
Australia	Yes	No; import license carries right to foreign exchange.
Austria	Yes; for most commodities	Yes.
Belgium-Luxembourg	Yes; either a regular import license or a declaration license	No separate permit required.
Belgian Congo	Yes; combination import license and exchange authorization is required for all imports except shipments valued at $100 or less, provided goods are not intended for resale.	Yes.
Bolivia	Yes; copy of permit or its number must be given to consul to obtain legalization of documents.	No; import license authorizes purchase of exchange but is not a guaranty that exchange will be granted.
Brazil	Yes	No; exchange for imports is sold at auction.
British colonies, not specified elsewhere [1]	Yes	Yes; import license generally assures release of foreign exchange.

[1] Includes Bermuda, British West Indies, British East Africa, British West Africa, British Guiana, British Honduras, Northern Rhodesia, Southern Rhodesia, and minor colonies, protectorates, and trusteeship territories.

Country	Is import license necessary?	Is exchange permit required?
Bulgaria	Yes	Import license automatically assures foreign exchange.
Burma	Yes; except for Government imports	Yes.
Cambodia	Yes	Yes; import license carries right to foreign exchange.
Canada	No; except for a few commodities	No.
Ceylon	Yes; either a general license for commodities under open general license. or an individual license for other commodities.	Yes.
Chile	Yes; must be obtained prior to shipment of goods and copy must be sent to exporter.	Yes; in form of notation on import license.
Colombia	Import license takes the form of registry certificate issued without quota or other form o restrictions. In addition, certain food products and raw materials are subject to a prior import license from the Ministries of Agriculture and Development.	No; registry certificate carries the right to foreign exchange.
Costa Rica	No	Yes; for imports with official exchange. No permit required for imports with free-market exchange.
Cuba	No; except for wheat and wheat flour, rice, tires and tubes, red and pink beans, potatoes, condensed milk, and butter.	No.
Czechoslovakia	Yes	Import license automatically provides for allocation of necessary foreign exchange.
Denmark	Yes; with few exceptions	Yes; for goods subject to license, copy of license with customs certification of importation takes place of exchange license.
Dominican Republic	No; except for wheat and wheat flour, rice, fertilizers, radio transmission apparatus.	No; but all applications for foreign exchange require Government approval, which is granted automatically for bona fide commercial transactions.
Ecuador	Yes; one copy must be presented in order to obtain consular legalization of prescribed documents.	No; import license carries the right to foreign exchange (Central Bank of Ecuador).
Egypt	Yes; unlicensed imports are subject to confiscation	Yes.
El Salvador	No	No.
Ethiopia	No; except on products subject to export license in country of origin.	Yes.
Finland	Yes	No separate permit required; import license carries right to foreign exchange.
France	Yes; obtainable for essentials only	No separate permit required; import license carries right to foreign exchange.
French oversea territories, not elsewhere specified, except French Somaliland.	Yes	Yes; import license carries right to foreign exchange.
French Somaliland	No	No.
Germany, Federal Republic (including Western Berlin).	Yes; also procurement authorization except for items on dollar import free list.	Yes; import and payments license combined on 1 document.
Germany, Soviet-occupied zone	Yes; the Government monopolies for foreign trade are the only importers.	Yes.
Greece	No; except for a few luxury items	No; but applications for foreign exchange must be approved by the authorities who determine whether imports will be financed by procurement authorizations of the Foreign Operations Administration or by the dollar resources of the Bank of Greece.
Guatemala	No; except for wheat and wheat flour, strong boxes, and certain safety vault doors.	No.
Haiti	No; except for wheat quota imports and tobacco products	No.
Hashemite Jordan Kingdom	Yes	Yes.
Honduras	No; except for alcohol	No.
Hong Kong	Yes; for dutiable, strategic, or short supply goods	No.
Hungary	Yes	Yes.
Iceland	Yes; except for items on special conditional free list and a limited number of staples.	Yes; except for special conditional free list imports.
India	Yes; either a general license for commodities under open general license, or an individual license for other commodities.	Yes; however, foreign exchange is automatically released upon presentation of validated import license to exchange bank.
Indonesia	Yes	No separate permit required; combined import license-foreign exchange permit necessary.
Iran	Yes; but only to release goods from Customs; prospective imports must come within annual or supplemental quotas.	Yes.
Iraq	Yes; goods exported before license is obtained are confiscated	Yes; permits are obtained through licensed dealers.
Ireland	For a few products only	Yes.
Israel	Yes	Yes; import license usually carries right to foreign exchange.
Italy	Yes; from Italian Exchange Office except for list A goods (mostly industrial raw materials which require only bank benestare).	No separate permit required.
Japan	Yes	Some commodities as announced by Japanese Government from time to time, require allocation certificate; in other cases import license carries right to foreign exchange.
Korea, Republic of	Yes	Application for import license must be accompanied by certificate from Bank of Korea stating that applicant has sufficient foreign exchange cover on deposit.
Laos	Yes	Yes; import license carries right to foreign exchange.
Lebanon	Yes	No.
Liberia	No; except for arms, ammunition, used clothing, pharmaceuticals, and rice.	No.
Malaya, Federation of	Yes; only certain items may be imported directly from hard-currency sources. Licenses to import nonsterling area goods via Hong Kong are issued provided certain exchange regulations are observed.	Yes; for direct imports. For imports from hard-currency areas via Hong Kong, no permit is necessary, but payment must be made in a sterling-area currency and shipment effected on a bill of lading issued in Hong Kong.
Mexico	Yes; for an extensive list of articles	No.
Morocco:		
French Zone	Yes; with exception of goods imported "sans devise," i. e., shipments financed by importer with his own funds held abroad.	Yes; except for goods imported "sans devise."
Spanish Zone	Yes	Yes; import license carries right to foreign exchange.
Tangier (International Zone)	No	No.
Netherlands	Yes	No separate permit required.
Netherlands West Indies	No; except for certain luxury items	Yes.
New Zealand	Yes	No; import license carries right to foreign exchange.
Nicaragua	Yes	No; import permit authorizes purchase of exchange.
Norway	Yes	No; foreign exchange is automatically made available in currency specified in import license.
Pakistan	Yes	Yes; however, foreign exchange is automatically released upon presentation of validated import license to exchange bank.
Panama	No; except for tomato paste, tanned cattle hides, wheat flour, baby chicks, hatching eggs; a few items are, however, subject to quota restrictions.	No.
Paraguay	No	Yes.
Peru	No	No.
Philippines, Republic of the	No	No permit as such; exchange allocated to importers semi-annualy for each of 5 classes of imports. Letters of credit opened against allocation considered as exchange licenses.
Poland	Yes	Yes.
Portugal, including the Azores and Madeira	Yes	Yes.
Portuguese Colonies	Yes	Yes.
Rumania	Yes	Yes.
Singapore	Yes; only certain items may be imported directly from hard-currency sources. Licenses to import nonsterling area goods via Hong Kong are issued provided certain exchange regulations are observed.	Yes; for direct imports. For imports from hard-currency areas via Hong Kong no permit is necessary, but payment must be made in a sterling area currency and shipment effected on a bill of lading issued in Hong Kong.

Country	Is import license necessary?	Is exchange permit required?
Spain, including the Canary Islands	Yes; limited largely to essential raw materials	Yes; special exchange rates are fixed for many import products.
Spanish Colonies	Yes	Yes; import license carries right to foreign exchange.
Surinam	Yes	No; import license carries right to foreign exchange.
Sweden	No; on majority of goods imported from United States; import license still required on such commodities as automobiles, coal, and certain agricultural products.	No separate permit required. Foreign exchange, including dollar exchange, is automatically made available if the import license specifies payment in such currency, and if the license is registered with a foreign exchange bank within 2 months after issuance.
Switzerland	Import licenses are required for certain agricultural products, various industrial raw materials, and some types of vehicles and machinery. Also, special import authorizations must be obtained for most animals and fowl, shellfish, and bees, beeswax, and honeycombs.	No.
Syria	Yes; for hard-currency imports	No.
Taiwan (Formosa)	Yes	No.
Thailand	Yes; except none for mining supplies	No; but a certificate of payment issued by Bank of Thailand or authorized bank of company is required.
Turkey	Yes	One application suffices for both import permit and exchange control purposes.
Union of South Africa, including Southwest Africa, Basutoland, Bechuanaland, and Swaziland.	Yes; with exception of few specified goods, all imports are subject to license. Imports from all countries of a long list of unessential items are subject to special licensing restrictions.	No; import license carries right to foreign exchange up to amount expressed in local currency in relevant import license.
United Kingdom	Yes; except some foodstuffs, raw materials, fertilizers, etc	Yes; granted automatically following issuance of import license.
Uruguay	Yes	No; import license carries right to foreign exchange.
U. S. S. R.	Yes; importing Government agencies are responsible for securing own permit.	Yes; all exchange is allocated by U. S. S. R. State Bank upon receipt of import license.
Venezuela	No; except for approximately 25 tariff items	No.
Vietnam	Yes	Yes; import license carries right to foreign exchange.
Yugoslavia	No; individual import license abolished July 1, 1952; since that time only licensed import firms are allowed to carry on import operations.	No; but Government maintains strict control over foreign exchange allocations.

Mr. MALONE. Mr. President, almost every trading nation on earth is imposing barriers to products from the United States, some nations, such as Great Britain, barring American goods entirely if like products are manufactured in their own country. But simultaneously, these countries are greedy for passage of H. R. 1, so they can unload their low-wage products on the United States. What American markets do these countries want?

The Wall Street Journal of February 2, 1955, gives a very informative answer in an article written by Washington correspondent Ray Cromley. The page 1, column 1, news article is headed "Europe Will Ask Many Cuts if Congress Hands Eisenhower New Powers—British Mention Whisky and Woolens—French Talk of Lace and Roquefort Cheese."

Apparently, Mr. President, we must drink more British whisky as the price of international peace.

Mr. Cromley's article begins:

> Europe's trade-hungry bureaucrats can hardly wait for Congress to vote President Eisenhower new tariff-cutting powers.

British, French, and Italian officials, he reports, already are drawing up new lists of United States duties they want cut.

Continuing with Mr. Cromley's Washington dispatch:

> At the British Embassy, trade experts mention the whisky, woolens, and cutlery industries that would be helped by lower United States tariffs.
>
> The Italians bring up synthetic textiles and Italian handicrafts like embroideries and hand-decorated china.
>
> The Frenchmen here wave their arms and talk about Roquefort cheese, laces from Lyons, candied cherries, and stockings.
>
> They're not alone. A commercial official at the German Embassy says: "We don't have a list yet. But be sure we'll have one ready, and a long one."
>
> A Belgian official here argues against fiddling with individual tariff cuts: He plugs for an across-the-board slash of United States duties on imports. But he notes that Belgium feels the need for United States tariff cuts on some important Belgian goods: crystalware, carpets, lace, shotguns, diamonds, and some metal products.
>
> Netherlands officials say their people are even now pushing in Geneva to get another big tariff-cutting conference going; the probable date—sometime this fall, say in October or November.
>
> If a new big tariff confab does get under way this fall, it will find these countries and 20 to 30 more all sniping at United States tariffs, and all armed with the argument—appealing to Mr. Eisenhower—that if we let them sell more here we can cut down on our aid abroad.
>
> Mr. Eisenhower's key officials in the State Department are already sold on the idea that United States tariffs must be cut further, and cut as drastically as the law will allow. The law would allow quite a bit if H. R. 1 passes Congress.

Mr. President, this is going to be a fine bill for the British whiskymakers, her manufacturers of woolens, and her cutlery craftsmen, but it is not a good bill for workers and investors in these industries in the United States. H. R. 1 spells injury and disaster to Americans, who in return for our largess to foreign producers are to be given handouts of oatmeal, cornmeal, and bread.

H. R. 1 will be a fine bill for French lacemakers and cheesemakers, but a bad bill for lacemakers and cheese producers in the United States.

H. R. 1 will be a fine bill for Italian manufacturers of textiles and china, but it is a bad bill for the unemployed textile workers of New England and the South, or the chinaware craftsmen in Pennsylvania, Ohio, West Virginia, and California.

H. R. 1 will be fine for the Belgian carpet and crystalware industry, but a bad bill for their American counterparts.

H. R. 1 is a bill to help foreigners by hurting Americans.

Mr. Cromley, in the article previously referred to, also discusses the probable tariff concessions to Japan—textiles, chinaware and pottery, fish, toys, sewing machines, and other goods.

Wages in Japan average 19 cents an hour. That is 19 cents more an hour than American workers will receive who are displaced by imports from Japan, but the American workers will be given bread or cornmeal, if legislation approved by the House Agriculture Committee is approved.

Europe's trade-hungry bureaucrats can hardly wait for Congress to vote President Eisenhower's new tariff-cutting powers, as Mr. Cromley puts it, but after the United States has waited for 22 years for Europe to cut some of its rates, here are the tariffs applied on some American products by some of those nations:

Automobiles: India, 63 percent; United Kingdom, 33⅓ percent; Japan, 30 to 40 percent; France, 15 to 30 percent.

Cotton manufacturers: United Kingdom, 15 to 30 percent; Germany, up to 30 percent; Italy, 15 to 25 percent; Indonesia, 18 to 30 percent; Canada, 15 to 27½ percent.

Grains: France, 15 to 30 percent; Germany, 15 to 20 percent; Norway, 22 percent; Sweden, 10 to 15 percent.

Machinery: Britain, 10 to 25 percent, when it can be imported at all, which is seldom; France, up to 30 percent; Italy, 5 to 40 percent; Japan, 15 to 30 percent.

Synthetic textiles: France, 20 to 35 percent; Italy, 25 percent; Belgium, 24 percent; Japan, 50 percent.

Labor rates in the 1952–53 period averaged $1.79—these are hourly rates—in the United States; 57 cents in Switzerland; 47 cents in the United Kingdom; 46 cents in France; 44 cents in West Germany; 35 cents in Italy; and, as stated before, 19 cents in Japan.

There is no idea of merely leveling the cost of production rates in this country. Those countries prohibit the imports of any products of the kind they manufacture, while we in America are talking about cutting wages to enable employers to stay in business.

H. R. 1 will not increase the wage rates in foreign countries, but will exert pressure on American industries to reduce American wage rates to the foreign level.

It will do this by forcing American wage earners to compete against the products of low-wage, foreign labor in

our own American market, and if they cannot so compete their only recourse—if H. R. 1 is enacted—will be to go on Secretary Benson's breadline.

H. R. 1—BONUS BILL FOR FOREIGN COMPETITORS

Mr. President, H. R. 1 is a bonus bill for foreign producers. It grants a 15-percent tariff bonus over a period of 3 years at the expense of American wage earners, investors, and taxpayers. There is not a solitary thing that any foreign producer need do to earn this handsome bonus. The bonus is to be given at the sacrifice of American jobs and investments. The foreign producer who is to get this bonus, if H. R. 1 is passed, gives nothing in return.

M'KINLEY'S FAMOUS SPEECH ON TARIFFS QUOTED

As a great President and a great Republican once pointed out in these Halls of Congress:

The foreign producer has no right or claim to equality with our own.

He is not amenable to our laws. There are resulting upon him none of the obligations of citizenship.

He pays no taxes.

He performs no civil duties. He is subject to no demands for military service.

He is exempt from State, county, and municipal obligations.

He contributes nothing to the support, the progress, and the glory of the Nation.

Why should he enjoy unrestrained, equal privileges and profits in our markets with our own producers, our labor, and our taxpayers?

That great Republican was William McKinley, 25th President of the United States, who followed in the tradition of Abraham Lincoln. Mr. McKinley made his famous tariff speech many years before the passage of the 1934 Trade Agreements Act. When he spoke, the issue was whether foreign producers should enjoy equal privilege with our own.

FOREIGN PRODUCERS TODAY GIVEN PREFERENCE OVER AMERICANS

But today it is no longer a matter of equal privilege. Since the 1934 Trade Agreements Act, foreign producers have enjoyed every advantage and every preference over our own producers in the markets of America, while retaining their own. Through quotas, imports, higher tariffs, and many other subterfuges, including the manipulation of the price of their own money, in terms of the United States dollar, foreign producers have been subsidized. Both their industries and their profits are guaranteed by American aid and American trade concessions.

Today, the foreign producer is king, while the American producer is forgotten. So has the principle of fair and equal competition, embodied in our tariff laws prior to 1934, been forgotten.

PROTESTS POUR IN FROM STATE LEGISLATURES, PATRIOTS

Abandonment of this historic principle has evoked resolutions of protest from State legislatures, political organizations, patriotic organizations, industry associations, and labor unions.

The American Mining Congress adopted such a resolution at its last national convention. I ask unanimous consent to have printed at this point in the RECORD the resolution on tariffs adopted by the American Mining Congress.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

FOREIGN TRADE

At the annual convention of the American Mining Congress held at San Francisco, Calif., September 20–24, 1954, the following declaration of policy was made on tariffs:

"TARIFFS

"Experience has shown that we cannot depend on foreign ore reserves as a source of supply in an emergency, however important it may be to import some metals and minerals to supplement domestic production and to fill our stockpile with materials in which we are deficient. World political conditions, as well as hazards of possible air and submarine warfare, support this conclusion.

"We recommend, therefore, that Congress exercise its authority over tariffs to be administered for the welfare of the American people and provide reasonable tariff protection. In this connection we commend the United States Tariff Commission for its careful study and complete report to the Congress as well as its recommendations to the President on the industry's application for increased lead and zinc duties.

"We commend the Members of the United States Congress who worked tirelessly to secure the approval of the Tariff Commission's recommendation. It is regrettable that the President did not see fit to accept the Commission's recommendations. His alternative program, while having certain desirable features, is at best a stopgap solution and does not offer any real long-range cure to the problem of the domestic mining industry.

"We favor the enactment of an excise tax on imports of lead and zinc, as well as other metals and minerals with similar problems, which may be suspended whenever prices are at an economic level that will permit the domestic mining industry to maintain an adequate mobilization base for national security.

"Since the executive department of the Government has not seen fit over the past years to adhere to the purposes of the escape clause and peril point provisions of the Trade Agreements Act, we favor removing the authority of the executive department to act on the Tariff Commission's recommendations and favor the placing of such responsibility for approving or disapproving the recommendations in the hands of the Congress where the constitutional authority rests. We also favor allowing the Trade Agreements Act of 1934, as extended, to expire on June 12, 1955.

"The United Nations has established a Commission for International Commodity Trade. This Commission is empowered to recommend agreements to member countries such as those provided in chapter VI of the Habana Charter, which was rejected by the Congress of the United States. We commend the State Department for its vigorous opposition to the formation and constitution of this new United Nations Commission. The powers of this Commission are far greater than those of the now disbanded International Materials Conference, which we strongly opposed. We have not changed our position with respect to international commodity agreements, and, accordingly, we oppose any United States participation in this new United Nations Commission, or in any new international commodity agreements which may be sponsored by the Organization of American States."

DAUGHTERS OF AMERICAN REVOLUTION CONDEMN FREE TRADE

Mr. MALONE. Mr. President, on April 22, 1955, the Daughters of the American Revolution, at their 64th continental congress, meeting at Constitution Hall in this city, adopted a resolution condemning the trade-agreements program as an unwarranted encroachment of the executive branch of the Government upon the constitutional responsibility of Congress, and urging termination of the program.

I ask unanimous consent to have printed at this point in the RECORD the resolution referred to, adopted less than 2 weeks ago by the Daughters of the American Revolution.

Their being no objection, the resolution was ordered to be printed in the RECORD, as follows:

REGULATION OF FOREIGN COMMERCE

Whereas the reciprocal trade-agreements program represents an unwarranted encroachment of the executive branch of our Government upon the legislative responsibility conferred upon Congress by the Constitution of the United States; and

Whereas as a result of reduction of tariffs under the reciprocal trade-agreements program various industries important to our healthy economy and strong national defense have been injured or forced out of business with consequent injury to and loss of jobs by the American workingmen: Therefore be it

Resolved, That the National Society, Daughters of the American Revolution, urge Congress to allow the 1934 Trade Agreements Act (Reciprocal Trade Agreements Act) to expire June 12, 1955, and upon its expiration, the Congress should assume its constitutional responsibility of regulating foreign commerce through its agent, the Tariff Commission.

NEVADA STATE LEGISLATURE ASKS 1934 TRADE ACT EXPIRE

Mr. MALONE. Mr. President, the Nevada State Legislature at its recent session memorialized the Congress to allow the 1934 Trade Agreements Act to expire on June 12, 1955, "so that the regulation of foreign trade and the laying of tariffs and import fees will immediately vest in Congress as the Constitution requires and thereby stop the lowering of the American standard of living by the importation of foreign-made goods."

I ask unanimous consent that there be printed at this point in the RECORD the complete text of this important resolution.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Assembly joint resolution memorializing the Congress of the United States to allow the 1934 Trade Agreements Act to expire on June 12, 1955, so that the regulation of foreign trade and the laying of tariffs and import fees will immediately vest in Congress as the constitution requires and thereby stop the lowering of the American standard of living by the importation of foreign-made goods

Whereas the Legislature of the State of Nevada is aware of the fact that the selective so-called free trade policy, adopted by the State Department of the United States under the provisions of the trade agreements act of 1934, is lowering the American living standard through the lowering of wages and is causing unemployment and a subsequent decline of the demand for minerals, agricultural products and other commodities produced in the State of Nevada; and

Whereas the indiscriminate lowering of import fees and tariffs without regard to the differential between the costs of production

due largely to the difference in living standards of this Nation and foreign competitive nations, has a demoralizing effect on the mining and agricultural markets of this country and thereby causes unemployment and loss of labor; and

Whereas the State of Nevada is in a particularly vulnerable position in attempting to compete with foreign sweatshop labor because the products produced in Nevada, such as livestock, wool, tungsten, lead, zinc, copper, magnesite, chemicals, manganese, mercury, silicon, and many others, are readily importable at a lower cost from sources outside of this country under the so-called reciprocal trade act, all to the great detriment and economic hardship of this State; and

Whereas many mining companies in the State of Nevada are practically shut down and almost all of the zinc miners are out of work and the cattle industry is being endangered because our ranchers cannot compete with the importation of hides, beef or live cattle from Argentina or Mexico; and

Whereas the haphazard lowering of the floor under wages and investments represented by the tariffs and import fees destroys American workingmen and shifts their jobs to foreign soil; and, as a result, many of our mines, mills and factories have been closed and our farm production saved only by subsidies; and

Whereas those industries which depend upon the power of Hoover Dam and Davis Dam are in danger because similar products are being imported at a price less than production costs in this State; and

Whereas the Nevada wool industry has found it impossible to compete with the importation of wool from Australia, New Zealand and elsewhere; and, for the first time, the wool industry of Nevada is only being saved from destruction by the use of subsidies; and

Whereas it is essential to the protection of the American standard of living that world trade should only be on the basis of fair and reasonable competition and based on the principle that foreign products produced by underpaid labor should not be admitted to this country on terms which endanger the living standard of our workers, farmers, and miners; and

Whereas article I, section 8 of the constitution of the United States requires that Congress should lay duties, imposts, and excises and regulate foreign commerce, but the Congress of the United States has abrogated its constitutional duties by virtue of the Trade Agreements Act of 1934 by transferring the duty of fixing tariffs to the executive department of the Government which has, in turn, carried out policies inconsistent with the welfare of American agriculture, industry, and commerce; and

Whereas the free trade policies fostered by the State Department under the 1934 Trade Agreements Act have resulted in our dependence upon foreign nations across one or both major oceans for many of the materials and minerals which we would need to fight a war and to prepare our own defense and thus stifled the initiative to explore, develop and produce such needed materials in our own country; and after having become dependent on foreign sources for critical materials the foreign countries have been able to cause us great embarrassment by manipulation of export permits and fees so that we must bow to their demands and submit to international blackmail; and

Whereas the United States has in the last several decades only been able to prosper because of war or the threat of war and under this cover of war the industrially inexperienced State Department has been wrecking the national economy by the simple expedient of tampering with tariff or import fees so as to open the door to foreign commodities, which in turn prevents the flow of venture capital into the business stream of the Nation even in time of emergency since investors know that when the emergency is over their investment will be destroyed through foreign sweatshop labor competition; and

Whereas it is mandatory to the future economical growth and development of this country, and Nevada in particular, that the 1934 Trade Agreements Act be allowed to expire on June 12, 1955, so that Congress can immediately recover its constitutional responsibility to regulate foreign trade through the adjustment of tariffs and import fees, and with such an expiration of the act the so-called trade agreements already made and in effect will in no way be affected but will continue in effect for their full terms: Now, therefore, be it

Resolved by the assembly and senate of the State of Nevada, jointly, That the legislature of the State of Nevada most respectfully memorializes the Congress of the United States to stop the dreadful deterrent to American economic well-being and the lowering of our standard of living and that it return to its traditional and constitutional method of fixing tariffs based on the principle of protecting American industry, agriculture, and commerce by allowing the 1934 Trade Agreements Act to expire by its own force and limitation on June 12, 1955; and be it further

Resolved, That until the expiration of the agreement, the Department of State should exercise its powers in fixing tariffs only in accordance with the traditional principles of American policy as set forth in this resolution until such time as the responsibility for regulating foreign commerce be vested where it belongs, in the Congress of the United States; and be it further

Resolved, That the Congress of the United States after June 12, 1955, should set up a flexible import fee which would be based upon fair and reasonable competition administered by a reorganized and experienced tariff commission functioning much in the same manner as the long-established Interstate Commerce Commission so that the market for foreign goods in this country would be based on a fair and reasonable competition with our own agricultural, industrial and mining production; and be it further

Resolved, That copies of this resolution, duly certified by the secretary of state of the State of Nevada, be promptly transmitted by him to the President and Vice President of the United States, the Speaker of the House of Representatives, the President pro tempore of the Senate, and the Secretary of State and the Secretary of Commerce, and to the United States Senators and Congressman from Nevada.

NEVADA-IDAHO LEGISLATURES JOINED IN PREVIOUS PROTEST

Mr. MALONE. Mr. President, previously the Legislature of the State of Nevada and the Legislature of the State of Idaho at their 1953 sessions each adopted joint resolutions deploring the effects of the administration's free-trade program on their metal-mining industries, and charged that "propaganda from Washington during recent years has endeavored, without foundation, to place this country in the have-not class, to the end that tariffs on basic commodities, including metals, be abandoned."

Both State legislatures also memorialized the Congress to replace the trade-agreements program with a sliding scale stabilization import tax to protect our national economy, develop our natural resources, and in the interest of national security.

I ask unanimous consent that there be placed at this point in the RECORD the two resolutions referred to above.

There being no objection, the two resolutions were ordered to be printed in the RECORD, as follows:

NEVADA RESOLUTION

Following is a joint resolution adopted by the Legislature of Nevada during its 1953 session:

"Senate Joint Resolution 12

"Senate joint resolution memorializing the Congress of the United States to approve legislation designed to provide a stabilized market for the products of domestic mines

"Whereas the base-metal-mining industry of the United States has suffered serious curtailment, and is threatened with further curtailment, through dumping of lead and zinc from low-wage foreign countries; and

"Whereas the domestic lead-and-zinc miner has suffered from the effects of currency devaluation and the monopolistic practices of foreign governments in the purchase and sale of metals; and

"Whereas Nevada, as well as many other sections of the United States, is in a large measure dependent upon the new wealth created by the mining and processing of these metals for the maintenance of its economy and for the purchasing of commodities needed by Nevada but not produced in Nevada; and

"Whereas unemployment and loss of production caused by dumping from low-wage countries is depriving local, county, and State governments of much needed tax income; and

"Whereas the American taxpayer has been called upon to finance the expansion of foreign production of metals and minerals in competition with home production of metals and minerals to the detriment of the development of reserves vitally needed in this country for national security; and

"Whereas propaganda from Washington during recent years has endeavored, without foundation, to place this country in a have-not class, to the end that tariffs on basic commodities, including metals, should be abandoned: Now, therefore, be it

"Resolved by the Senate and assembly of the State of Nevada (jointly), That the Congress of the United States be and it is hereby memorialized to approve legislation for the stabilizing of the market for metals at prices consistent with the prevailing domestic economic level through the enactment of constructive legislation providing for a sliding scale stabilization import tax. This legislation will promote the development of our natural resources and protect our domestic economy in the interest of national security; be it further

"Resolved, That duly certified copies of this resolution shall be forwarded to each Member of the Nevada congressional delegation, to the President of the United States Senate, and the Speaker of the House of Representatives."

IDAHO RESOLUTION

The Legislature of the State of Idaho, at its last session, held during this administration, adopted Senate Joint Memorial 7, protesting foreign dumping and policies destructive to the American mining industry.

We, your memorialists, the Senate and House of Representatives of the State of Idaho, in legislative session, duly and regularly assembled, most respectfully present the following preamble and resolution, to wit:

"Whereas the base mining industry of the United States has suffered serious curtailment, and is threatened with further curtailment, through dumping of lead and zinc from low-wage foreign countries creating an unemployment situation for a large number of the American metal miners; and

"Whereas the domestic lead-and-zinc miner has suffered from the effects of cur-

rency devaluation and the monopolistic practices of foreign governments in the purchase and sale of metals; and

"Whereas Idaho as well as many other sections of the United States, is in a large measure dependent upon the new wealth created by the mining and processing of these metals for the maintenance of its economy and for the purchasing of commodities needed by Idaho but not produced in Idaho; and

"Whereas unemployment and loss of production caused by dumping from low-wage countries is depriving local, county, and State governments of much needed tax income; and

"Whereas the American taxpayer has been called upon to finance the expansion of foreign production of metals and minerals in competition with home production to the detriment of the development of reserves vitally needed in this country for national security; and

"Whereas propaganda from Washington during recent years has endeavored, without foundation, to place this country in a have-not class, to the end that tariffs on basic commodities, including metals, should be abandoned: Now, therefore, be it jointly

"Resolved by the Senate and the House of Representatives of the 32d session of the Legislature of the State of Idaho (the Governor of the State of Idaho concurring therein), That the Congress of the United States be and is hereby memorialized to approve legislation for the stabilizing of the market for metals at prices consistent with the prevailing domestic economic level through the enactment of constructive legislation providing for a sliding scale stabilization import tax. This legislation will promote the development of our natural resources and protect our domestic economy in the interest of national security; be it further

"Resolved, That the secretary of state of the State of Idaho, be, and he hereby is, authorized and directed to send copies of this joint memorial to the Honorable Dwight D. Eisenhower, President of the United States; Secretary of Defense, Charles E. Wilson; Douglas McKay, Secretary of the Interior; Howard I. Young, Deputy Administrator, Defense Materials Procurement Agency; J. D. Small, chairman, Munitions Board; Hon. Henry C. Dworshak, United States Senate; Hon. Herman Welker, United States Senate; Hon. Hamer H. Budge, and Hon. Gracie Pfost, United States House of Representatives; Hon. Richard M. Nixon, Vice President of the United States; Hon. Joseph W. Martin, Jr., Speaker of the House; Hon. George W. Malone, chairman, Senate Mines Committee, and Hon. A. L. Miller, chairman of House Internal and Insular Affairs Committee."

This senate joint memorial passed the Senate on the 21st day of February 1953.

EDSON H. DEAL,
President of the Senate.

NEVADA REPUBLICANS SEEK END OF 1934 TRADE ACT

Mr. MALONE. Mr. President, last year's State convention of the Republican Party of Nevada adopted a resolution urging expiration of the Trade Agreements Act. I ask unanimous consent to have the resolution printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

THE NEVADA REPUBLICAN CONVENTION

At the State convention of the Republican Party, held in Las Vegas, Nev., February 5–6, 1954, the following resolution relating to foreign trade was adopted:

"Whereas article I, section 8, of the Constitution of the United States provides that 'the Congress shall have the power to lay and collect duties, imposts and excises' (tariffs or import fees) and 'to regulate foreign commerce'; and

"Whereas the Congress transferred the constitutional responsibility to regulate foreign trade to the executive branch through the 1934 Trade Agreements Act as extended from time to time: Therefore, be it

"Resolved, That the United States Congress is hereby urged to resume its constitutional responsibility of regulating foreign commerce, through the adjustment of duties, imposts and excises, through its agent, the Tariff Commission, and allow the Trade Agreements Act—the so-called Reciprocal Trade Act—which transferred such responsibility to the President, to expire in June of 1954."

NEVADA WOMEN OPPOSE H. R. 1

Mr. MALONE. Mr. President, the Silver State Republican Women's Club of Washoe County, Nev., after following closely the debates over H. R. 1 and extension of the 1934 Trade Agreements Act, last month adopted resolutions decrying the "crippling effect of the executive branch" of the functions and duties of the legislative branch.

I ask unanimous consent that the resolution of the Silver State Republican Women's Club of Washoe County be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION OF SILVER STATE REPUBLICAN WOMEN'S CLUB OF WASHOE COUNTY

Whereas there is presently pending before the Senate of the United States the proposal to extend the Trade Agreements Act for 3 years beyond its present expiration date; and

Whereas it is the opinion of the members of Silver State Republican Women's Club, in the debate centered around the extension of the Trade Agreements Act, that it is not in the best interests of the United States to extend this act; and

Whereas up to 1934 the Tariff Commission of the legislative branch of our Government had been empowered to set tariffs and establish trade relationships; and

Whereas it is believed that the legislative branch of our Government should be empowered to act without the crippling effect of the executive branch: Be it therefore

Resolved, That advice be immediately forwarded to our senior Senator GEORGE W. MALONE, commending and supporting him for his steadfast and valiant stand in the debate in the Senate of the United States on the extension of the Trade Agreements Act; be it further

Resolved, That advice be immediately forwarded to junior Senator ALAN BIBLE, informing him of the views of the members of Silver State Republican Women's Club on the extension of the Trade Agreements Act and requesting Senator BIBLE to give favorable consideration to such views, which oppose the extension of said act beyond its present expiration date; be it further

Resolved, That copies of this resolution be forwarded to Senators GEORGE W. MALONE and ALAN BIBLE and to Congressman CLIFF YOUNG.

SILVER STATE REPUBLICAN WOMEN'S CLUB,
MRS. MABLE HAVENS, *President.*
MRS. VIRGINIA WHITE,
MRS. ETHEL ZIMMER,
MISS RAMONA BROCKLISS,
Members of Resolutions Committee.

NEVADA YOUNG REPUBLICANS ASK RETURN TO CONSTITUTION

Mr. MALONE. Mr. President, the Young Republicans of Nevada, at their annual convention held in Ely, Nev., on February 26 and 27, 1955, adopted resolutions quoting article I, section 8 of the Constitution, noted that Congress, through the 1934 Trade Agreements Act, transferred its responsibility over foreign trade to the executive branch, and called for expiration of the act and a return to constitutional principles.

I ask unanimous consent to have printed in the RECORD this resolution adopted by the Young Republicans of Nevada.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Whereas article I, section 8 of the Constitution of the United States provides that "the Congress shall have the power to lay and collect duties, imposts, and excises" (tariffs or import fees), and "to regulate foreign commerce"; and

Whereas the Congress transferred the constitutional responsibility to regulate foreign trade to the executive branch through the 1934 Trade Agreements Act as extended from time to time: Therefore, be it

Resolved, That the United States Congress is hereby urged to resume its constitutional responsibility of regulating foreign commerce, through the adjustment of duties, imposts, and excises, through its agent, the Tariff Commission, and allow the Trade Agreements Act—the so-called Reciprocal Trade Act—which transferred such responsibility to the President, to expire in June of 1955.

CALIFORNIA RESOLUTION

Mr. MALONE. Mr. President, the Legislature of the State of California in 1953 memorialized Congress to return to the constitutional and traditional method of fixing tariffs, based on principles of protection of American agriculture, industry, and commerce, and declared that the executive department of the Government, under the Trade Agreements Act of 1934, "has carried out policies inconsistent with the welfare of American agriculture, industry, and commerce."

I ask unanimous consent that the resolution be printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Following is joint resolution of the Legislature of the State of California, 1953 session:

"Joint resolution concerning the restoration to Congress of the fixing of tariffs

"Whereas it is essential to the protection of the American standard of living and the American way of life that products of foreign countries be admitted to this country only on a basis which will not endanger the living standards of the American working man and the American farmer and will not threaten serious economic injury to any domestic industry; and

"Whereas promotion of world trade by the Government of the United States should adhere to this principle so that the economic status of the American people may be maintained and not reduced to that in the depressed areas of the world where work is performed behind the sweatshops curtain; and

"Whereas while recent imports of live cattle and frozen and canned beef from Mexico, Canada, New Zealand, and other areas have dramatically high-lighted the problem with respect to one industry, yet it is a problem affecting all of the branches of agriculture, industry, and commercial production; and

"Whereas the Congress of the United States abandoned its traditional function of fixing tariffs on foreign commerce entering

the United States under the Trade Agreements Act of 1934 to the executive department of the Government, which has carried out policies inconsistent with the welfare of American agriculture, industry, and commerce: Now, therefore, be it

"*Resolved by the Senate and Assembly of the State of California (jointly)*, That the Legislature of the State of California most respectfully memorializes the Congress of the United States to return to its traditional method of fixing tariffs based on principles of protection of American agriculture, industry, and commerce, and the standard of living for all American citizens created thereby; and be it further

"*Resolved*, That until Congress so acts, the executive department of the Government exercises its powers of fixing tariffs only in accordance with the traditional principles of American policy as set forth in this resolution; and be it further

"*Resolved*, That the secretary of the senate send copies of this resolution to the President of the United States, the Secretary of State, the Secretary of Commerce, the Secretary of Agriculture, the Chairman of the United States Tariff Commission, the President of the United States Senate, the Speaker of the House of Representatives, and each Senator and Representative from California in the Congress of the United States."

1955 UTAH LEGISLATURE SCORES TRADE-AGREEMENT PROGRAM

Mr. MALONE. Mr. President, the great State of Utah, dedicated to fundamental American principles, and concerned with the welfare of all its people, is officially opposed to H. R. 1 and to any extension of the trade-agreements program. The Legislature of the State of Utah by formal resolution has memorialized the Congress of the United States to reverse the destructive operation of the trade-agreements program by substituting legislation to afford adequate protection to her stricken industries. Utah's Governor, J. Bracken Lee, promptly signed the resolution following its adoption.

I ask unanimous consent to have printed at this point in the RECORD Senate Concurrent Resolution No. 10 of the State of Utah.

UTAH RESOLUTION

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Concurrent resolution memorializing the Congress of the United States to provide legislation designed to afford adequate protection for domestic industry in the field of international trade

Be it resolved by the Legislature of the State of Utah (the Governor concurring therein):

Whereas the lead-zinc mining industry of the United States has for the 3 years past sought adequate protection from excessive imports from low-wage foreign countries; and

Whereas metal production, employment, and related business in the producing communities has been seriously curtailed and is threatened with further curtailment; and

Whereas definite relief for the lead-zinc industry was unanimously recommended by the United States Tariff Commission in accordance with the escape-clause provisions of that act, which recommendation was preceded by a thorough investigation made by the Commission upon the request of the industry, the Congress, and administration officials; and

Whereas the stockpiling plan was provided for the lead-zinc industry by the President, on the insistence of the State Department, in lieu of the recommended tariff relief; and

Whereas the stockpiling measure has not been successful in materially lessening excessive importation of lead-zinc, or in increasing metal price to a level consistent with the Nation's general economic level, or in reviving the vital function of exploration and development of new mines, or in preventing the progressive decline of production and employment of domestic mines; and

Whereas the lead-zinc situation is simply an example of the serious difficulty which any domestic industry might experience under the present Trade Agreements Act or the extension thereof as proposed in H. R. 1 of the present Congress; and

Whereas the policies and practices in the field of international trade which have resulted in such harm to the domestic lead-zinc industry and to the domestic economy present a threat to all domestic industry involved in international trade: Now, therefore, be it

Resolved by the Legislature of the State of Utah (the Governor concurring therein), That since the executive department of the Government has not seen fit over the past years to adhere to the purposes of the escape clause and peril-point provisions of the Trade Agreements Act, we favor removing the authority of the executive department to act on the Tariff Commission's recommendations and favor the placing of such responsibility for approving or disapproving the recommendations in the hands of the Congress where the constitutional authority and responsibility is vested. We further favor allowing the Trade Agreements Act of 1934, as extended, to expire on June 12, 1955.

We favor the enactment of an excise tax on imports of lead and zinc, as well as other metals and minerals threatened with the same problems, similar to the excise tax law effective on copper imports, which tax may be suspended whenever domestic prices are at an economic level. Such an excise tax would permit the domestic mining industry to: Maintain an adequate "mobilization base" for national security; compete with metal imports produced in low-wage foreign countries; return to its former status of employment and production; retain its skilled mining and metallurgical personnel, and engage in the necessary exploration and development work vitally necessary to future availability of metals; be it further

Resolved, That the Secretary of State of Utah be and is hereby authorized and directed, to send copies of this concurrent memorial to the President of the United States, to the Senate and House of Representatives of the United States, to the Committee on Ways and Means of the House of Representatives and the Finance Committee of the Senate, to the Senators and Congressmen representing the State of Utah in the National Congress and to the Honorable Secretary of the Interior of the United States.

NEVADA MINING BOARD HITS TRADE ACT

Mr. MALONE. Mr. President, the Advisory Mining Board of the State of Nevada also calls for expiration of the 1934 Trade Agreements Act. I ask unanimous consent that its resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION OF ADVISORY MINING BOARD OF THE STATE OF NEVADA

The following resolution proposed by the Advisory Mining Board of the State of Nevada:

"Whereas there is now an active campaign sponsored by certain foreign countries and American citizens who consume these minerals, under the slogan "trade, not aid" to convince Congress that we should continue to give foreign aid in the form of free trade rather than direct aid even though our mines close; and

"Whereas the means of accomplishing this is through a continuation of so-called reciprocal trade agreements, which past experience has shown to be the cause of unemployment in the mining industry; and

"Whereas the political party in power in Nevada has pledged itself to protect American labor and industry from unfair foreign competition by establishing the principle of flexible import fees: Now, therefore, be it

"*Resolved*, That we are opposed to any extension of the Reciprocal Trade Agreements Act and ask that Congress again assume the responsibility of protecting the American workman and investor against unfair competition from abroad. We do favor the establishment in this country of a market for goods of foreign nations on the basis of fair and reasonable competition which will protect workers and investors against foreign low wages and low standards of living, and maintain a healthy domestic mining industry. Equalization of the difference between wages and standards of living here and abroad can best be accomplished by the adoption, by Congress of the flexible import free principle; be it further

"*Resolved*, That the above resolution is a recommendation to Gov. Charles H. Russell, of Nevada, and we ask that he forward a copy of this resolution to Senator GEORGE W. MALONE, Senator PATRICK MCCARRAN, and Congressman CLIFTON YOUNG."

CHARLES H. RUSSELL,
Governor.
ROY A. HARDY,
Chairman, Advisory Mining Board.
LOUIS D. GORDON,
Secretary, Nevada Mining Association.

TRADE ACT EXPIRATION ASKED BY COLORADO MINING ASSOCIATION

Mr. MALONE. Mr. President, the Colorado Mining Association, at its recent convention, held on February 3 to 5, 1955, in Denver, Colo., passed the following forthright resolution:

We favor the termination of the Trade Agreements Act. We oppose the participation of this Nation in any international trade organization whose purpose is to control the flow of raw materials.

AMERICAN LEGION IN NEVADA MANDATES AGAINST TRADE ACT

Mr. President, the American Legion, department of Nevada, adopted a similar resolution at its 36th annual department convention, held last August. I ask unanimous consent to have the resolution printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION 12A, DEPARTMENT OF NEVADA

"Whereas the promotion of world trade should be on the basis of fair and reasonable competition and must be done within the principle long maintained that foreign products of underpaid foreign labor shall not be admitted to the country on terms which endanger the living standards of the American workingman, the American farmer, and the miner, or threaten serious injury to a domestic industry; and

"Whereas article I, section 8, of the Constitution of the United States provides that 'The Congress shall have the power to lay and collect—duties, imposts, and excises (tariffs or import fees)' and 'to regulate foreign commerce'; and

"Whereas the Congress transferred this constitution responsibility to the executive

branch through the 1934 Trade Agreements Act as extended from time to time: Therefore be it

"*Resolved*, That the United States Congress is hereby urged to resume its constitutional responsibility of regulating foreign commerce, through the adjustment of duties, imposts, and excises and allow the 1934 Trade Agreements Act—which transferred such responsibility to the Executive—to expire in June of 1955."

Unanimously adopted by the 36th annual department convention of the American Legion at Ely, Nev., August 5–7, 1954.

UTAH MINING CONGRESS ACCUSES ADMINISTRATION OF IGNORING MINERS, FARMERS, WORKERS

Mr. MALONE. Mr. President, at the last meeting of the Utah Mining Congress, delegates and members adopted a strongly worded resolution opposing extension of the Trade Agreements Act of 1934, and accusing the executive branch of our Government of ignoring the workers, miners, farmers, and producers of America. I ask unanimous consent that the resolution be printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

INTERNATIONAL TRADE, 1955

We oppose extension of the Reciprocal Trade Agreements Act of 1934, as extended, beyond its termination date of June 12, 1955. The peril-point and escape-clause provisions of the act, designed by the Congress to afford protection for American workers, miners, farmers, or producers, have been willfully ignored by the executive department in several specific cases which were reported favorable for upward tariff adjustments by the Tariff Commission.

The State Department has used the act to progressively weaken tariff protection, particularly on raw materials, and to increasingly involve the matter of domestic tariff control in international trade organizations. Present domestic tariff policy is controlled largely by the General Agreement on Tariffs and Trade (GATT), a foster child of the State Department which was developed following refusal of the United States Congress to approve the International Trade Organization.

Refusal to extend the Trade Agreements Act would serve to restore to the Congress their constitutional power and responsibility relating to tariff and trade regulation.

We have in the past strongly opposed the United States becoming involved in international trade organizations which were designed to regulate production, prices, and distribution of raw materials and goods. We joined vigorously in the campaign to withdraw United States support from the International Materials Conference, successfully sponsored by Senator Ferguson.

The United Nations Economic and Social Council has recently proposed another such organization under the title of the United Nations Commission on Internatinal Commodity Trade. The new organization would examine further, as a matter of urgency, the possibilities of establishing a parity relationship between the prices of primary commodities and manufactured goods.

The United States was elected to membership of this group on November 23, 1954, despite the fact that in response to an invitation made April 30, 1954, to comment on the new organization, the United States Government expressed opposition to the establishment of this Commission.

United States membership is vital to establishment of the Commission on International Commodity Trade and therefore strong pressure is being used to get the United States to accept the membership despite her stated objections. Acceptance by the United States would give life to the Commission and would involve the United States in its schemes.

We strongly oppose the United States Government accepting membership and concur wholly with the reasons given by her in opposing the organization to date. The first meeting of the Commission is scheduled for January 17, 1955, and it is therefore directed that a statement of our opposition to United States acceptance of membership be directed forthwith to Utah's congressional delegation, the State Department, and the President.

TRADE ACT ENDANGERS LIVING STANDARDS

Mr. MALONE. Mr. President, the Pioche Chamber of Commerce, of Pioche, Lincoln County, Nev., has adopted a resolution on foreign trade, citing the Constitution, and condemning the trade agreements program as endangering the living standards of the American workingman and the American farmer. I ask unanimous consent that the resolution be printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

Whereas the promotion of world trade should be on the basis of fair and reasonable competition and must be done within the principle long maintained that foreign products of underpaid foreign labor shall not be admitted to the country on terms which endanger the living standards of the American workingman or the American farmer, or threaten serious injury to a domestic industry; and

Whereas article I, section 8 of the Constitution of the United States provides that "the Congress shall have the power to lay and collect * * * duties, imposts, and excises (tariffs or import fees) and to regulate foreign commerce"; and

Whereas the Congress transferred the constitutional responsibility to regulate foreign trade to the executive branch through the 1934 Trade Agreements Act as extended from time to time: Therefore be it

Resolved, That the United States Congress is hereby urged to resume its constitutional responsibility of regulating foreign commerce, through the adjustment of duties, imposts, and excises, through its agent the Tariff Commission and allow the 1934 Trade Agreements Act—the so-called Reciprocal Trade Act—which transferred such responsibility to the President—to expire June 12, 1955.

PIOCHE CHAMBER OF COMMERCE,
Pioche, Lincoln County, Nev.
L. M. MORRIS, *President*.

PATRIOTIC SOCIETY LASHES TRADE ACT, GATT

Mr. MALONE. Mr. President, the National Society of Women Descendants of the Ancient and Honorable Artillery Company, at their 28th annual rendezvous held in Washington on April 12, 1955, adopted a resolution on the regulation of foreign commerce in which they accused the executive branch of unwarranted encroachment on the legislative responsibility conferred upon Congress by the Constitution.

I ask unanimous consent that there be placed in the RECORD at this point in my remarks the text of this significant resolution.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

REGULATION OF FOREIGN COMMERCE

Whereas the reciprocal trade agreements program represents an unwarranted encroachment of the executive branch of our Government upon the legislative responsibility conferred upon Congress by the Constitution of the United States; and

Whereas a new Organization for International Trade Cooperation to replace the General Agreement on Tariffs and Trade (GATT) has been signed as a trade treaty by a United States representative in Geneva in which the United States has 1 vote among 33 nations, and through this organization the resources of the United States will be foreign controlled: Therefore, be it

Resolved, That the National Society of Women Descendants of the Ancient and Honorable Artillery Company urge the Congress of the United States to allow the 1934 Trade Agreements Act (Reciprocal Trade Agreements Act) to expire June 12, 1955, and upon its expiration the Congress should resume its constitutional authority to regulate foreign commerce through its agent, the Tariff Commission, acting in the national interest.

NATIONAL SOCIETY OF WOMEN DESCENDANTS OF THE ANCIENT AND HONORABLE ARTILLERY COMPANY,
MRS. LLOYD DEWITT SMITH,
National President.

GROSSE POINT, MICH.

FREE TRADE BOONDOGGLE

Mr. MALONE. Mr. President, I have other resolutions, adopted by earnest and patriotic American citizens, calling for an end of this free-trade boondoggle.

The American working people and investors do not want it. The working men and women of the Nation do not want it. The investors in American enterprise do not want it.

The farmers, who understand what it holds for them, particularly through the machinations of the General Agreement on Tariffs and Trade, or GATT, 3,000 miles from the United States, do not want it.

GATT NOT DISAPPROVED

Mr. JENNER. Mr. President, will the Senator yield?

Mr. MALONE. I am happy to yield to the distinguished Senator from Indiana.

Mr. JENNER. The bill refers to the fact that we do not approve GATT. Does that mean that GATT has been officially disapproved.

PRESIDENT CAN ABOLISH JOBS AND INVESTMENTS UNDER H. R. 1

Mr. MALONE. It does not. The testimony of the Secretary of State, Mr. Dulles, was very forthright. I congratulated him several times on the forthrightness and honesty of his testimony. He stated that the 1934 Trade Agreements Act, which transferred to the President the constitutional responsibility of Congress to regulate foreign trade and to regulate the domestic economy—the right to manipulate tariffs and import fees in the interest of what he may decide to be the overall interest of the United States, regardless of whether it hurt one industry, or did away with jobs in certain industries—gave the President the right to establish any organization he chose through which to operate, including the General Agreement on Tariffs and Trade.

Mr. Dulles was very frank and emphatic in his testimony that the President—in utter disregard to the constitutional provisions—was the only person qualified to decide what was and was not to the best interest of the United States. His statement was contemptuous of the ability of the Senate or of the

House to decide, because he said they could not be trusted with the necessary inside information.

H. R. 1 EXTENDS THE AUTHORITY OF GATT

Mr. JENNER. The fact that the bill states that we do not approve GATT does not disapprove it. It is still in effect; and the extension of the act only revives the basic law enacted in 1934. Is not that correct?

Mr. MALONE. The Senator is absolutely correct.

FOREIGN NATIONS' TARIFFS HIGHER THAN OUR OWN

Mr. JENNER. From the standpoint of tariff barriers, with relation to the tariffs of other countries—and I am not speaking of cartels, favored-nation clauses, and so forth, but straight tariffs—how does the United States Government rank with the rest of the world in the matter of tariff barriers?

Mr. MALONE. It is much lower.

Mr. JENNER. How does it rank with reference to England?

Mr. MALONE. It is much lower than England.

Mr. JENNER. How does it compare with France?

Mr. MALONE. It is lower than France.

Mr. JENNER. Is it lower than Italy?

Mr. MALONE. It is lower than Italy.

Mr. JENNER. How about Germany?

REGULATIONS MAY PREVENT IMPORTS

Mr. MALONE Germany is just getting around to fixing its tariffs. However, practically all the countries I have mentioned have import quotas and exchange quotas, and absolutely prevent the importation of anything which they manufacture, in this way: One must go to a government official to obtain an exchange quota, which means securing the money of the other country to purchase what he desires to import.

The official involved is a government official. He receives his orders from someone else. He may stall for days, weeks, and months, and probably the applicant for the quota finally gives up. If he succeeds in getting an exchange quota, he then goes to some other joker in the government to obtain an import permit. That official may stall for days, weeks, and months, if the officials of that government do not wish the product imported. So the applicant finally gives up, in a hopeless situation, and lets it go.

WAGES AND TARIFFS—UNITED STATES VERSUS FOREIGN COUNTRIES

The Senator yesterday heard me read a list of wages and tariffs applied by most of the countries about which the distinguished Senator from Indiana has inquired. Wages are anywhere from one-tenth to one-third of our wages, and tariffs are anywhere from 10 to 50 or 100 percent higher.

1934 TRADE AGREEMENTS ACT DID NOT BRING PEACE

Mr. JENNER. Mr. President, will the Senator further yield?

Mr. MALONE. I am very happy to yield.

Mr. JENNER. As I recall from reading the early debate on the original passage of the Reciprocal Trade Agreements Act, the main appeal was not for trade, necessarily, or fairness. It was for peace, was it not?

Mr. MALONE. Its purpose was peace, and to improve the economy of this Nation.

Mr. JENNER. That act was passed in 1934.

Mr. MALONE. The Senator is correct.

Mr. JENNER. When I look at the condition of the world today, and consider the events of the intervening period, including World War II, the Korean war, and the cold war which is going on today, I ask the Senator if he would say that the Reciprocal Trade Agreements Act of 1934, which has been extended time and again, has had any effect on the peace of the world.

FIGHT FOR FOREIGN TRADE BREEDS WAR

Mr. MALONE. Many persons experienced in historical research are emphatic that foreign trade breeds war. Of course, our history during the past 22 years proves that to be so.

Mr. JENNER. We have heard all the slogans—"Trade, not aid," and so forth. We have poured out to the rest of the world billions of dollars. Are we not trying by this bill to stop the artificial gap caused by the fact that European nations have lost their colonial system? By our dollars, we have done nothing against communism. As a matter of fact, we have fattened communism. The Communists now control a third of the world and dominate the lives of 800 million people. They can have many more millions any weekend they wish. But the European colonial system has been broken up. Are we not trying to fill in the gap by lowering our tariff barriers and opening our markets to foreign countries so that they can artificially survive for a while longer?

OUR WORLD PACTS GUARANTEE INTEGRITY OF OLD WORLD POLITICAL SYSTEMS

Mr. MALONE. The distinguished Senator from Indiana has placed his finger on the sore spot. When we signed the Atlantic Pact—and I could quote at length from the reprints of my debates in 1948—we guaranteed the integrity of the colonial system throughout the world.

I stood flatfooted on the floor of the Senate, as a freshman Senator and debated with the great Senator Vandenberg, of Michigan. I said to him at that time:

> If we sign the Atlantic Pact we shall be guaranteeing the integrity of the colonial system throughout the world.

He replied:

> No.

I said:

> I will explain. We are agreeing to go to war when the colonial nations, England, France, Belgium, the Netherlands, and others, go to war. We have no control over how they get into war.

How do they get into war? By defending their colonial systems. After 1948 the record is clear. Every time one of them got into a war, or war was threatened, what was the purpose? The purpose was to save one of their colonial systems.

I was in Indochina in 1948, and traveled widely over the area. We were supporting France in her colonial slavery system in Indochina, and we still are.

Mr. JENNER. With one qualification. We have acquiesced in giving away half of it to the Communists.

Mr. MALONE. That is correct, because our hand was called.

NO ONE ON OUR SIDE

We did not have an Indochinese with us—either with France or with America—in connection with that deal, simply because they did not know very much about communism, but they thoroughly understood what a continuation of the colonial slavery system meant, and they were having no more of it even if resistance to it killed them all. Therefore they were for anyone who would stage an uprising against France, and they opposed anyone who, like us, reluctantly supported France in her colonial slavery system. That was what we were and are doing.

OATH TO DEFEND CONSTITUTION

Mr. JENNER. We took an oath as Senators. Can the Senator explain to me how we are living up to that oath when, by this piece of legislation, we are delegating to the executive branch of Government the authority given to us by the Constitution? Is not that an unconstitutional act? Is not that a violation of our oath as Senators and Representatives of the people of the United States?

Mr. MALONE. I will say to the distinguished Senator from Indiana that this is the ninth year I have served in the Senate. I came here the same year the distinguished Senator from Indiana arrived in the Senate. We were both freshmen together. Almost immediately we were plunged into this administration fight to continue the distribution of our markets among the foreign low-wage-standard-of-living nations.

The whole program is designed to distribute the wealth of this Nation among the countries of the world to average the living standards—which means materially lowering our own.

This is done first by distributing our markets throughout the world through the 1934 Trade Agreements Act, which has come up for extension every 3 years until 1951 when we cut the extension to 2 years, then in 1953 to 1 year.

Second, it is by taking from our taxpayers billions of dollars without any quid pro quo, without any return. The foreign nations will string along as long as we write the checks. When we run out of money they will back away. The whole thing has degenerated into a blackmail scheme. We are now at their mercy. They say, "We will retaliate if you try to protect your own workingmen and investors."

THE WRITERS OF THE CONSTITUTION HAD BEEN THROUGH THE MILL

Now I come to the Senator's question. Those old patriarchs of Americanism, Washington, Jefferson, Benjamin Franklin, and others, had been through all that any human being could possibly go through and live. They had been pushed around by experts. They had been pushed around by the King of Eng-

land and by the lords of England who owned land on this continent—kings and lords who had no restriction at all on their power, and who had at their fingertips the regulation of the domestic economy and the foreign trade and the fixing of the foreign policy. All power was vested in one executive.

Our Founding Fathers were so fed up with it, and so, covered by scars, they resolved that it would never again happen to this Nation.

DOMESTIC ECONOMY AND FOREIGN TRADE POINTEDLY SEPARATED FROM FOREIGN POLICY

They pointedly separated the regulation of the domestic economy and foreign trade from the fixing of the foreign policy; so that no one ever again could trade sectors of the country's domestic economy for some fancied foreign policy that some one man might conclude would be good for the Nation.

Therefore, article I, section 8, of the Constitution states specifically that the Congress of the United States, the legislative branch of the Government, shall adjust the duties, imposts, and excises, which we call tariffs or import fees. The Founding Fathers provided that the Congress shall regulate the national economy and that it shall regulate foreign trade. They then stipulated in article II, section 2 of the Constitution that the President must negotiate and fix foreign policy.

Abraham Lincoln said that these duties or tariffs, in addition to raising revenues, should be regulated on a basis of the development of the whole country. Those are not the exact words, but I have read the exact words into the RECORD earlier today. We have followed that policy, as a Republican Party, for more than a century of time. This is the first time that we have had a Republican President who advocates the abandonment of that policy—and advocates the remaking of the industrial map of the United States in the image of the one economic world.

I do not blame the President, I wish to say at this point, he believes he is right, he has integrity. However, he has been wrongly advised. He is being advised by the economic one-worlders. The international lawyers and the American companies and corporations who are big enough and of such a nature that they can go behind the low-wage curtain and establish industries using the low-cost labor and send the stuff into the American markets.

THREE BRANCHES OF GOVERNMENT

We have three branches of government set up by the Constitution.

The President, representing the executive branch, is not supposed to push the legislative branch around, and we are not supposed to push the Executive around. He is our President and we are his Congress—each should respect the other and discharge our duties in accordance with the Constitution.

Mr. JENNER. However, it is our constitutional duty not to delegate this power and authority to the Executive. Is that correct?

Mr. MALONE. That is correct. Congress amended the Constitution in 1934 by a simple act of Congress. Our Republican President is asking us to continue the violation.

Mr. JENNER. When we do that we violate our oath as Senators. Is that correct?

Mr. MALONE. That is absolutely correct. The executive branch of our Government as represented by Mr. Dulles showed utter contempt for the legislative branch in his testimony before the Senate Finance Committee.

Mr. JENNER. That is what I wanted to know.

Mr. MALONE. I want to say further that under article II, section 2, of the Constitution, the President is given the authority to regulate foreign policy, but under article I, section 8, Congress is charged with the responsibility of regulating the domestic economy and foreign trade.

In 1934 Congress deliberately and, by a simple act of Congress, amended the Constitution of the United States, and put the power in the hands of the Executive to trade any sector of the American economy or markets to foreign countries for a fancied political advantage. That is what that act does. He may remake the industrial map of the Nation in the image of one economic world, regardless of any unemployment and loss of investments it may cause.

Mr. JENNER. I thank the Senator.

H. R. 1 CONTINUES GATT

Mr. MALONE. Mr. President, H. R. 1, if enacted, will continue GATT. I saw a dispatch in this morning's Washington paper that GATT is not continued because of changes in the bill. The article I read indicates a complete lack of understanding on the part of the newspaper or a deliberate misstatement.

I should like to think it is the former. In accordance with Mr. Dulles' statement before the Senate Finance Committee, H. R. 1 continues the President's authority to continue GATT which was organized by the State Department in the beginning.

INTERNATIONAL SOCIALIZED TRADE

The General Agreement on Tariffs and Trade at Geneva is international socialized trade. That is what it is.

INTERNATIONAL SUCKER POKER GAME

As I have said before many times on the floor of the Senate and in committee, the General Agreement on Tariffs and Trade also is an international sucker poker game. That is what it is.

It is a sucker game with 33 foreign nations sitting down and waiting for the sucker with the markets to sit in. It is just like the kind of sucker poker game anyone can find in any town in America, where the players are waiting for the sucker with the money to take a hand.

If he does not sit in, the game breaks up. There is no game because he has the only new money. If he sits down, there is a game.

The foreign nations are waiting to hear if the act is to be continued. If it is continued, the game will continue. If it not continued, the game will break up. If the act is not continued, there will be no General Agreement on Tariffs and Trade at Geneva, because there will be no new markets in the pot. No new markets for them to divide between them.

A DICTIONARY DEFINITION

My edition of Webster's New International Dictionary defines "socialism" as:

> A political and economic theory of social reorganization, the essential feature of which is governmental control of economic activities, to the end that competition shall give way to cooperation and that the opportunities of life and rewards of labor shall be equitably apportioned.

That is a somewhat flattering definition but it is the dictionary definition.

The authors of my edition of Webster's had not gotten around to defining GATT, but if they had, their definition of socalism would fit GATT perfectly.

GATT CONTROLS TRADE—ECONOMY ON A WORLD BASIS

The essential feature of GATT is governmental control of economic activities on the international level, by 34 nations, including monarchies and Communist Czechoslovakia.

Governmental control of our own economic activities was turned over to the Executive by the 1934 Trade Agreements Act, and has been reassigned by the Executive branch to GATT under a presidential proclamation issued by President Truman on December 16, 1947.

The Constitution placed control of our economic activities in the hands of the people to be exercised through their elected representatives in Congress, and entrusted no part of it to the Executive. That was in the spirit of American free enterprise and continued throughout our history until 1934.

NEW DEAL FOSTERED SOCIALISM

A Socialist-Democrat administration in 1934 took control over our economic activities away from the people and placed it in the Executive.

They did it so that competition would end, and the opportunities of life and rewards of labor would be equitably apportioned. This was socialism by its own definition, but domestic socialism.

GATT is international socialism.

Under GATT 34 nations are exercising governmental control over the economic activities of most of the world, activities which embrace 80 percent of the total world trade.

The purpose is to do away with competition under a global arrangement of GATT's own devising, and to equalize the economy and living standards of 34 nations.

That is the only answer to the dollar shortage hoax which is being perpetrated on the American people, and foreign countries will talk about it until they are living the way we are living, or until we are living the way they are living—more likely the latter. When we have established an average living standard throughout the world, we will then have our own dollar shortage.

UNITED STATES HANDCUFFED TO GATT UNTIL TRADE ACT EXPIRES

This is being progressively accomplished by dragging down the United States to a world level.

The State Department says participation of the United States in GATT is

under the authority of the 1934 Trade Agreements Act.

That is a matter for Supreme Court determination.

But until such a determination is obtained, participation in GATT is certain so long as the Trade Agreements Act is on the statute books and H. R. 1 would keep it on the statute books until June 12, 1958.

In other words H. R. 1 will keep us in the International Socialistic Organization known as GATT, which meets only in secret and only on foreign soil.

GATT DESTROYS LIBERTIES OF PEOPLE

A recent British publication had this to say about GATT:

What GATT has done has been to force countries which would normally rely for protection on tariffs, to rely instead on quotas and licenses.

In other words, where the governments of these countries would have been content to discourage people from buying goods from abroad which were coming in in such quantities as to be harmful to their economies, they are now forced into a position where they have to dictate to people what they can and cannot buy. GATT does not only not bring free trade: It also causes interference in individual freedom.

Not, of course, that that worries the internationalists, who are themselves great lovers of dictatorial methods. Indeed, internationalism, even in theory, cannot work without a system of controls so elaborate that the measure of individual liberty it would allow would dwindle virtually to nothing.

That, as I said before, is from a British publication, which I do not entirely agree with.

But I do agree that GATT has forced countries, including our own, which would normally rely for protection on tariffs to rely instead on quotas.

GATT WARS ON UNITED STATES FARM QUOTAS

We have quotas now to protect certain of our farm commodities, and the State Department is having to wage a continuing battle in GATT to protect these quotas.

Even when this superinternational socialistic agency does magnanimously grant a waiver to the United States on quotas, it demands concessions, promises, and pledges from our negotiators at Geneva.

An example is the recent GATT decision to grant a waiver to the United States in connection with import restrictions imposed under section 22 of the United States Agricultural Adjustment Act, as amended.

I ask unanimous consent to have printed in the RECORD this decision by GATT.

There being no objection the decision was ordered to be printed in the RECORD, as follows:

DECISION TO GRANT A WAIVER TO THE UNITED STATES IN CONNECTION WITH IMPORT RESTRICTIONS IMPOSED UNDER SECTION 22 OF THE UNITED STATES AGRICULTURAL ADJUSTMENT ACT OF 1933, AS AMENDED

Having received the request of the United States Government for a waiver of the provisions of article II and article XI of the general agreement with respect to certain actions by the United States Government required by the provisions of section 22 of the United States Agricultural Adjustment Act of 1933, as amended (hereinafter referred to as "section 22") which are not authorized by the agreement,

Having also received the statement of the United States:

(a) That there exist in the United States governmental agricultural programs (including program or operations which provide price assistance for certain domestic agricultural products and which operate to limit the production or market supply, or to regulate or control the quality or prices of domestic agricultural products) which from time to time result in domestic prices being maintained at a level in excess of the prices at which imports of the like products can be made available for consumption in the United States and that under such conditions imports may be attracted into the United States in abnormally large quantities or in such manner as to have adverse effects on such programs or operations unless the inflow of such imports is regulated in some manner;

(b) That the Congress of the United States therefore enacted section 22 which requires that restrictions in the form either of fees or of quantitative limitations must be imposed on imports whenever the President of the United States finds, after investigation, that such products are being or are practically certain to be imported in such quantities and under such conditions as to render ineffective or materially interfere with any program or operation undertaken by the United States Department of Agriculture or any agency under its direction with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof, with respect to which such a program is being undertaken, and has required the President not to accept any international obligation which would be inconsistent with the requirements of the section.

(c) That import restrictions can be imposed under section 22 only when the President finds that imports are having or are practically certain to have the effects for which section 22 action is required, and then, except as provided by law in emergency situations, only after investigation by the United States Tariff Commission, after due notice and opportunity for hearings have been given to interested parties; that while import restrictions may be imposed in emergency situations before an investigation by the Tariff Commission, the continuance of such restrictions is subject to the decision of the President as soon as the Commission has completed an immediate investigation; and that fees imposed under section 22 cannot exceed 50 percent ad valorem and any quantitative limitation of imports under that section cannot be such as to reduce the quantity of imports of the product below 50 percent of the quantity entered during a representative period as determined by the President; and that except in the case of those products where it is impracticable to limit production or marketings or the United States Government is without legislative authority to do so, the products on which section 20 controls are now in effect are subject to limitation upon domestic marketing which in turn affect production;

Noting:

(a) That, to help solve the problem of surpluses of products for which section 22 import quotas now are in effect, the United States Government has taken positive steps aimed at reducing 1955 crops supplies by lowering support price levels or by imposing marketing quotas at minimum levels permitted by legislation; and that it is the intention of the United States Government to continue to seek a solution of the problem of surpluses of agricultural commodities;

(b) The assurance of the United States Government that it will discuss proposals under section 22 with all countries having a substantial interest prior to taking action, and will give prompt consideration to any representatives made to it;

(c) That it is the intention of the United States Government promptly to terminate any restrictions imposed when it finds that circumstances requiring the action no longer exist, and to modify restrictions whenever changed circumstances warrant such modification;

The contracting parties:

Decide, pursuant to paragraph 5 (a) of article XXV of the general agreement and in consideration of the assurances recorded above, that subject to the conditions and procedures set out hereunder the obligations of the United States under the provisions of articles II and XI of the general agreement are waived to the extent necessary to prevent a conflict with such provisions of the general agreement in the case of action required to be taken by the Government of the United States under section 22. The text of section 22 is annexed to this decision;

Declare that this decision shall not preclude the right of affected contracting parties to have recourse to the appropriate provisions of article XXIII; and

Declare, further, that in deciding as aforesaid, they regret that circumstances make it necessary for the United States to continue to apply import restrictions which, in certain cases, adversely affect the trade of a number of contracting parties, impair concessions granted by the United States and thus impede the attainment of the objectives of the general agreement.

CONDITIONS AND PROCEDURES

1. Upon request of any contracting party which considers that its interests are seriously prejudiced by reason of any import restriction imposed under section 22, whether or not covered by this decision, the United States will promptly undertake a review to determine whether there has been a change in circumstances which would require such restrictions to be modified or terminated. In the event the review shows such a change, the United States will institute an investigation in the manner provided by section 22.

2. Should the President of the United States acting in pursuance of section 22 cause an investigation to be made to determine whether any existing import restriction should be modified, terminated or extended, or whether restrictions should be imposed on the import of any additional product, the United States will notify the contracting parties and, in accordance with article XXII of the general agreement, accord to any contracting party which considers that its interests would be prejudiced the fullest notice and opportunity, consistent with the legislative requirements of the United States, for representations and consultation.

3. The United States will give due consideration to any representations submitted to it including:

(a) When investigating whether any existing import restriction should be modified, terminated or extended, representations that a greater volume of imports than is permitted under the import restriction would not have the effects required to be corrected by section 22, including representations that the volume of imports that would have entered in the absence of governmental agricultural programs would not have such effects.

(b) When investigating with respect to import restrictions on additional products, representations with regard to:

(i) The effect of imports of any product upon any program or operation undertaken by the United States Department of Agriculture or any agency under its direction, or upon the domestic production of any agricultural commodity or product thereof for

which such a program or operation is undertaken, including representations that the volume of imports which would have entered in the absence of governmental agricultural programs will not have the effects required to be corrected by section 22;

(ii) The representative period to be used for the determination of any quota.

(c) Representations by any contracting party that the portion of a total quota allotted or proposed to be allotted to it is inequitable because of circumstances that operated to reduce imports from that contracting party of the product concerned during the past representative period on which such import quota is based.

4. As soon as the President has made his decision following any investigation the United States will notify the contracting parties and those contracting parties which have made representations or entered into consultations. If the decision imposes restrictions on additional products or extends or intensifies existing restrictions the notification by the United States will include particulars of such restrictions and the reasons for them (regardless of whether the restriction is consistent with the general agreement). At the time of such notification the provisions of the general agreement are waived to the extent necessary to permit such restrictions to be applied under the general agreement, subject to the review herein provided and, as declared above, without prejudice to the right of the affected contracting parties to have recourse to the appropriate provisions of article XXIII.

5. The United States will remove or relax each restriction permitted under this waiver as soon as it finds that the circumstances requiring such restriction no longer exist or have changed so as no longer to require its imposition in its existing form.

6. The contracting parties will make an annual review of any action taken by the United States under this decision. For each such review the United States will furnish a report to the contracting parties showing any modification or removal of restrictions effected since the previous report, the restrictions in effect under section 22, and the reasons why such restrictions (regardless of whether covered by this waiver) continue to be applied and any steps it has taken with a view to a solution of the problem of surpluses of agricultural commodities.

ANNEX TO THE DECISION: SECTION 22 OF THE AGRICULTURAL ADJUSTMENT ACT (OF 1933), AS REENACTED AND AMENDED

Section 22. (a) Whenever the Secretary of Agriculture has reason to believe that any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with, any program or operation undertaken under this title or the Soil Conservation and Domestic Allotment Act, as amended, or section 32, Public Law No. 320, 74th Congress, approved August 24, 1935, as amended, or any loan, purchase, or other program or operation undertaken by the Department of Agriculture, or any agency operating under its direction, with respect to any agricultural commodity or product thereof, or to reduce substantially the amount of any product processed in the United States from any agricultural commodity or product thereof with respect to which any such program or operation is being undertaken, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section to determine such facts. Such investigation shall be made after due notice and opportunity for hearing to interested parties, and shall be conducted subject to such regulations as the President shall specify (7 U. S. C. 624 (a)).

(b) If, on the basis of such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by proclamation impose such fees not in excess of 50 percent ad valorem or such quantitative limitations on any article or articles which may be entered, or withdrawn from warehouse, for consumption as he finds and declares shown by such investigation to be necessary in order that the entry of such article or articles will not render or tend to render ineffective, or materially interfere with, any program or operation referred to in subsection (a) of this section, or reduce substantially the amount of any product processed in the United States from any such agricultural commodity or product thereof with respect to which any such program or operation is being undertaken: *Provided,* That no proclamation under this section shall impose any limitation on the total quantity of any article or articles which may be entered, or withdrawn from warehouse, for consumption which reduces such permissible total quantity to proportionately less than 50 percent of the total quantity of such article or articles which was entered, or withdrawn from warehouse, for consumption during a representative period as determined by the President: *And provided further,* That in designating any article or articles the President may describe them by physical qualities, value, use, or upon such other bases as he shall determine. In any case where the Secretary of Agriculture determines and reports to the President with regard to any article or articles that a condition exists requiring emergency treatment, the President may take immediate action under this section without awaiting the recommendations of the Tariff Commission, such action to continue in effect pending the report and recommendations of the Tariff Commission and action thereon by the President (7 U. S. C. 624 (b)).

(c) The fees and limitations imposed by the President by proclamation under this section and any revocation, suspension, or modification thereof, shall become effective on such date as shall be therein specified, and such fees shall be treated for administrative purposes and for the purposes of section 32 of Public Law No. 320, 74th Congress, approved August 24, 1935, as amended, as duties imposed by the Tariff Act of 1930, but such fees shall not be considered as duties for the purpose of granting any preferential concession under any international obligation of the United States (7 U. S. C. 624 (c)).

(d) After investigation, report, finding, and declaration in the manner provided in the case of a proclamation issued pursuant to subsection (b) of this section, any proclamation or provision of such proclamation may be suspended or terminated by the President whenever he finds and proclaims that the circumstances requiring the proclamation or provision thereof no longer exist or may be modified by the President whenever he finds and proclaims that changed circumstances require such modification to carry out the purposes of this section (7 U. S. C. 624 (d)).

(e) Any decision of the President as to facts under this section shall be final (7 U. S. C. 624 (e)).

(f) No trade agreement or other international agreement heretofore or hereafter entered into by the United States shall be applied in a manner inconsistent with the requirements of this section (7 U. S. C. 624 (f)).

PUBLIC LAW 50, 82D CONGRESS, SECTION 8 (A)

In any case where the Secretary of Agriculture determines and reports to the President and to the Tariff Commission with regard to any agricultural commodity that due to the perishability of the commodity a condition exists requiring emergency treatment, the Tariff Commission shall make an immediate investigation under the provisions of section 22 of the Agricultural Adjustment Act, as amended, or under the provisions of section 7 of this act to determine the facts and make recommendations to the President for such relief under those provisions as may be appropriate. The President may take immediate action, however, without awaiting the recommendations of the Tariff Commission if in his judgment the emergency requires such action. In any case the report and findings of the Tariff Commission and the decision of the President shall be made at the earliest possible date, and in any event not more than 25 calendar days after the submission of the case to the Tariff Commission.

Commodities for which import controls are now in effect pursuant to section 22 of the Agricultural Adjustment Act (of 1933) as amended

A. QUOTAS

1. Cotton and cotton products—annual quotas currently are in effect for these items:

	Pounds
(a) Long-staple cotton (1⅛ in. or longer but less than 1 11/16 in.)	45,656,420
(b) Short-staple cotton (other than than harsh, under 1⅛ in.)	14,516,882
(c) Harsh or rough (under ¾ inch)	70,000,000
(d) Cotton waste	5,482,509
2. Wheat and wheat products:	
(a) Wheat ____bushels	800,000
(b) Wheat products (flour semolina, crushed or cracked wheat, and similar wheat products) ____pounds	4,000,000

3. Manufactured dairy products (initial controls effective July 1, 1953)—annual quotas have been established for these items:

	Pounds
Butter	707,000
Dried whole milk	7,000
Dried buttermilk	496,000
Dried cream	500
Dried skim milk	1,807,000
Malted milk and compounds or mixtures of or substitutes for milk or cream	6,000
Cheddar cheese [1]	2,780,100
Edam and Gouda cheese	4,600,200
Blue mold cheese [2]	4,167,000
Designated Italian-type cheese [3]	9,200,100

4. Peanuts: Annual global quota of 1,709,000 pounds shelled basis, July 1–June 30.

5. Oats,[4] hulled or unhulled and unhulled ground oats (initial controls effective Dec. 23, 1953): Imports are limited to 40 million bushels during the period October 1, 1954–September 30, 1955.

6. Rye,[4] rye flour and meal (initial controls effective Apr. 1, 1954): Imports are limited to 186 million pounds in the period July 1, 1954–June 30, 1955.

7. Barley,[4] hulled or unhulled, including roller barley, ground barley, and barely malt (initial controls effective Oct. 1, 1954): Imports are limited to 27,500,000 bushels in the period October 1, 1954–September 30, 1955.

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[1] Cheddar cheese and cheese and substitutes for cheese containing or processed from cheddar cheese.

[2] Blue mold (except Stilton) cheese and cheese and substitutes for cheese containing, or processed from, blue mold cheese.

[3] Italian-type cheeses made from cows' milk in original loaves (Romano made from cows' milk, Reggiano, Parmesano, Provolone, Procotelle, and Sbrinz).

[4] Seed approved for planting pursuant to the Federal Seed Act is not subject to control.

B. FEES

8. Filberts: During the period October 1, 1954–September 30, 1955, a fee of 10 cents per pound on imports in excess of 6 million pounds.

9. Almonds:[5] During the period October 1, 1954–September 30, 1955, a fee of 10 cents per pound on imports in excess of 5 million pounds.

10. Flax seed:[5] 50 percent ad valorem.

11. Linseed oil:[5] 50 percent ad valorem.

12. Peanut oil:[5] Ad valorem fee of 25 percent on imports in excess of 80 million pounds.

Mr. MALONE. Mr. President, as I stated in my minority views in the Senate Finance Committee report on H. R. 1, all of these spineless pledges and commitments by the State Department leave the American farmer behind the eight ball and beholden to the whims of his foreign competitors. That is not the American system.

H. R. 1 will leave other major elements of America's economy, the workers and investors in our resources and industries, behind the eight-ball also, potential victims of avarice and manipulation at the hands of GATT, an international agency for the propagation of economic socialism.

REJECT H. R. 1 AND WITHDRAW FROM GATT

The Senate of the United States should reject H. R. 1.

The Government of the United States should promptly withdraw from GATT before more harm is done to our American system of free enterprise.

Rejection of H. R. 1 will restore our trade and commerce to fundamental principles set forth in the Constitution of the United States.

Withdrawal from GATT will restore our economic independence and liberate us from the chains of international socialistic GATT.

The decision, Mr. President and distinguished colleagues in the Senate of the United States, is in your hands.

PARTY PLATFORMS ON FOREIGN TRADE DOCUMENTED

Mr President, there may be some debate and some misunderstanding as to the source of these free trade ideas and what the people of the United States, through their political parties, have stood for and campaigned for over the years. In 1949 I debated this subject on the Senate floor at some length, in connection with this same subject and as a result documented the Republican platforms and the Democratic platforms from 1856 to 1948. I ask unanimous consent to have these documented platforms of both parties from 1856 to 1952 included in the CONGRESSIONAL RECORD at this point, as a part of my remarks.

There being no objection, the platforms were ordered to be printed in the RECORD, as follows:

THE POSITION OF THE REPUBLICAN PARTY ON TARIFFS FROM 1856 TO 1948

1856 PLATFORM

No mention of tariffs.

1860 PLATFORM

Plank 12: "That, while providing revenue for the support of the general Government by duties upon imports, sound policy requires such an adjustment of these imposts, as to encourage the development of the industrial interests of the whole country."

1864 PLATFORM

No mention of tariffs.

1868 PLATFORM

No mention of tariffs.

1872 PLATFORM

Plank 7: "The annual revenue, after paying current expenditures, pensions, and the interest on the public debt, should furnish a moderate balance for the reduction of the principal, and that revenue, except so much as may be derived from a tax on tobacco and liquors, should be raised by duties upon importations, the details of which should be so adjusted as to aid in securing remunerative wages to labor, and promote, the industries, prosperity, and growth of the whole country."

1876 PLATFORM

Plank 8: "The revenue necessary for current expenditures and the obligations of the public debt must be largely derived from duties upon importations, which, so far as possible, should be adjusted to promote the interests of American labor and advance the prosperity of the whole country."

1880 PLATFORM

Plank 5: "We reaffirm the belief avowed in 1876, that the duties levied for the purpose of revenue should so discriminate as to favor American labor."

1884 PLATFORM

"We therefore demand that the imposition of duties on foreign imports shall be made, not 'for revenue only,' but that in raising the requisite revenues for the Government such duties shall be so levied as to afford security to our diversified industries and protection to the rights and wages of the laborer, to the end that active and intelligent labor, as well as capital, may have its just reward, and the laboring man his full share in the national prosperity.

"Against the so-called economic system of the Democratic Party, which would degrade our labor to the foreign standard, we enter our earnest protest."

Protection to American industries

We are uncompromisingly in favor of the American system of protection; we protest against its destruction as proposed by the President and his party. They serve the interests of Europe; we will support the interests of America. We accept the issue and confidently appeal to the people for their judgment. The protective system must be maintained. Its abandonment has always been followed by general disaster to all interests, except those of the usurer and the sheriff. We denounce the Mills bill as destructive to the general business, the labor, and the farming interests of the country, and we heartily indorse the consistent and patriotic action of the Republican Representatives in Congress in opposing its passage.

Duties on wool

We condemn the proposition of the Democratic Party to place wool on the free list, and we insist that the duties thereon shall be adjusted and maintained so as to furnish full and adequate protection to that industry throughout the United States.

The internal revenue

The Republican Party would effect all needed reduction of the national revenue by repealing the taxes upon tobacco, which are an annoyance and burden to agriculture, and the tax upon spirits used in the arts and for mechanical purposes, and by such revision of the tariff laws as will tend to check imports of such articles as are produced by our people, the production of which gives employment to our labor, and release from import duties those articles of foreign production (except luxuries) the like of which cannot be produced at home. If there shall still remain a larger revenue than is requisite for the wants of the Government, we favor the entire repeal of internal taxes rather than the surrender of any part of our protective system, at the joint behests of the whisky trusts and the agents of foreign manufacturers.

1892 PLATFORM

The principle of protection

We reaffirm the American doctrine of protection. We call attention to its growth abroad. We maintain that the prosperous condition of our country is largely due to the wise revenue legislation of the last Republican Congress. We believe that all articles which cannot be produced in the United States, except luxuries, should be admitted free of duty, and that on all imports coming into competition with products of American labor there should be levied duties equal to the difference between wages abroad and at home.

We assert that the prices of manufactured articles of general consumption have been reduced under the operations of the Tariff Act of 1890.

We denounce the efforts of the Democratic majority of the House of Representatives to destroy our tariff laws piecemeal, as manifested by their attacks upon wool, lead, and lead ores, the chief products of a number of States, and we ask the people for their judgment thereon.

Triumph of reciprocity

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.

1896 PLATFORM

Tariff

We renew and emphasize our allegiance to the policy of protection as the bulwark of American industrial independence and the foundation of American development and prosperity. This true American policy taxes foreign products and encourages home industry; it puts the burden of revenue on foreign goods; it secures the American market for the American producer; it upholds the American standard of wages for the American workingman; it puts the factory by the side of the farm, and makes the American farmer less dependent on foreign demand and price; it diffuses general thrift, and founds the strength of all on the strength of each. In its reasonable application it is just, fair to sectional discrimination and individual favoritism.

We denounce the present Democratic tariff as sectional, injurious to the public credit, and destructive to business enterprise. We demand such an equitable tariff on foreign imports which have come into competition with American products as will not only furnish adequate revenue for the necessary expenses of the Government, but will protect American labor from degradation to the wage level of other lands. We are not pledged to any particular schedules. The question of rates is a practical question to be governed by the conditions of time and of production; the ruling and uncompromising principle is the protection and development of American labor and industry. The country demands a right settlement, and then it wants rest.

Reciprocity

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

[5] Not a listed item in schedule XX.

other nations, remove the restrictions which now obstruct the sale of American products of our farms, forests, and factories.

Protection and reciprocity are twin measures of Republican policy and go hand in hand. Democratic rule has recklessly struck down both, and both must be reestablished. Protection for what we produce; free admission for the necessaries of life which we do not produce; reciprocity agreements of mutual interests which gain open markets for us in return for our open market to others. Protection builds up domestic industry and trade, and secures our own market for ourselves; reciprocity builds up foreign trade, and finds an outlet for our surplus.

Sugar

We condemn the present administration for not keeping faith with the sugar producers of this country. The Republican Party favors such protection as will lead to the production on American soil of all the sugar which the American people use, and for which they pay other countries more than $100 million annually.

Wool and woolens

To all our products— to those of the mine and the fields as well as to those of the shop and the factory; to hemp, to wool, the products of the great industry of sheep husbandry, as well as to the finished woolens of the mills—we promise the most ample protection.

Merchant marine

We favor restoring the American policy of discriminating duties for the upbuilding of our merchant marine and the protection of our shipping in the foreign-carrying trade, so that American ships—the product of American labor, employed in American shipyards, sailing under the Stars and Stripes, and manned, officered, and owned by Americans—may regain the carrying of our foreign commerce.

1900 PLATFORM

Protection policy reaffirmed

We renew our faith in the policy of protection to American labor. In that policy our industries have been established, diversified, and maintained. By protecting the home market, competition has been stimulated and production cheapened. Opportunity to the inventive genius of our people has been secured and wages in every department of labor maintained at high rates—higher now than ever before, and always distinguishing our working people in their better conditions of life from those of any competing country. Enjoying the blessings of the American common school, secure in the right of self-government, and protected in the occupancy of their own markets, their constantly increasing knowledge and skill have enabled them to finally enter the markets of the world.

Reciprocity favored

We favor the associated policy of reciprocity, so directed as to open our markets on favorable terms for what we do not ourselves produce in return for free foreign markets.

1904 PLATFORM

The protective tariff

Protection which guards and develops our industries is a cardinal policy of the Republican Party. The measure of protection should always at least equal the difference in the cost of production at home and abroad.

We insist upon the maintenance of the principles of protection, and, therefore, rates of duty should be readjusted only when conditions have so changed that the public interest demands their alteration, but this work cannot safely be committed to any other hands than those of the Republican Party. To entrust it to the Democratic Party is to invite disaster. Whether, as in 1892, the Democratic Party declares the protective tariff unconstitutional, or whether it demand tariff reform or tariff revision, its real object is always the destruction of the protective system.

However specious the name, the purpose is ever the same. A Democratic tariff has always been followed by business adversity; a Republican tariff by business prosperity.

To a Republican Congress and a Republican President this great question can be safely entrusted. When the only free-trade country among the great nations agitates a return to protection, the chief protective country should not falter in maintaining it.

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.

1908 PLATFORM

Tariff revision promised

The Republican Party declares unequivocally for a revision of the tariff by a special session of the Congress immediately following the inauguration of the next President, and commends the steps already taken to this end in the work assigned to the appropriate committees of Congress, which are now investigating the operation and effect of these schedules. In all tariff legislation the true principle of protection is best maintained by the imposition of such duties as will equal the difference between cost of production at home and abroad, together with a reasonable profit to American industries. We favor establishment of a maximum and minimum rate to be administered by the President under the limitation fixed by the law, the maximum to be available to meet the discrimination by foreign countries against American goods entering our markets, and the minimum representing the normal measure of protection at home, the aim and the purpose of Republican policy being not only to preserve without excessive duties the security against foreign competition to which American manufacturers, farmers, and producers are entitled, but also to maintain the high standard of living of the wage workers of this country, who are the most direct beneficiaries of the protective system.

Philippine tariff

Between the United States and the Philippines we believe in a free interchange of products with such limitations as to sugar and tobacco as will afford adequate protection to domestic interests.

1912 PLATFORM

The tariff policy

We reaffirm our belief in a protective tariff. The Republican tariff policy has been of the greatest benefit to the country, developing our resources, diversifying our industries, and protecting our workingmen against competition with cheaper labor abroad, thus establishing for our wage earners the American standard of living. The protective tariff is so woven into the fabric of our industrial and agricultural life that to substitute for it a tariff for revenue only would destroy many industries and throw millions of our people out of employment. The products of the farm and of the mind should receive the same measure of protection as other products of American labor.

We hold that the import duties should be high enough, while yielding a sufficient revenue, to protect adequately American industries and wages. Some of the existing import duties are too high and should be reduced. Readjustment should be made from time to time to conform to changing conditions and to reduce excessive rates, but without injury to any American industry. To accomplish this correct information is indispensable. This information can best be obtained by an expert commission, as the large volume of useful facts contained in the recent reports of the Tariff Board has demonstrated.

Tariff Board endorsed

The pronounced feature of modern industrial life is its enormous diversification. To apply tariff rates justly to these changing conditions requires closer study and more scientific methods than ever before. The Republican Party has shown by its creation of a Tariff Board its recognition of this situation and its determination to be equal to it. We condemn the Democratic Party for its failure either to provide funds for the continuance of this Board or to make some other provision for securing the information requisite for intelligent tariff legislation. We protest against the Democratic method of legislating on these vitally important subjects without careful investigation.

We condemn the Democratic tariff bills passed by the House of Representatives of the 62d Congress as sectional, as injurious to the public credit, and as destructive of business enterprise.

1916 PLATFORM

Tariff

The Republican Party stands now, as always, in the fullest sense for the policy of tariff protection to American industries and American labor and does not regard an antidumping provision as an adequate substitute.

Such protection should be reasonable in amount but sufficient to protect adequately American industries and American labor and so adjusted as to prevent undue exactions by monopolies or trusts. It should, moreover, give special attention to securing the industrial independence of the United States as in the case of dyestuffs.

Through wise tariff and industrial legislation our industries can be so organized that they will become not only a commercial bulwark but a powerful aid to national defense.

The Underwood Tariff Act is a complete failure in every respect. Under its administration imports have enormously increased in spite of the fact that intercourse with foreign countries has been largely cut off by reason of the war, while the revenues of which we stand in such dire need have been greatly reduced.

Under the normal conditions which prevailed prior to the war it was clearly demonstrated that this act deprived the American producer and the American wage earner of that protection which enabled them to meet their foreign competitors, and but for the adventitious conditions created by the war, would long since have paralyzed all forms of American industry and deprived American labor of its just reward.

It has not in the least degree reduced the cost of living, which has constantly advanced from the date of its enactment. The welfare of our people demands its repeal and the substitution of a measure which in peace as well as in war will produce ample revenue and give reasonable protection to all forms of American production in mine, forest, field, and factory.

We favor the creation of a tariff commission with complete power to gather and compile information for the use of Congress in all matters relating to the tariff.

1920 PLATFORM

International trade and tariff

The uncertain and unsettled condition of internal balances, the abnormal economic and trade situation of the world, and the impossibility of forecasting accurately even the near future, preclude the formulation of a definite program to meet conditions a year hence. But the Republican Party reaffirms its belief in the protective principle and pledges itself to a revision of the tariff

as soon as conditions shall make it necessary for the preservation of the home market for American labor, agriculture, and industry.

1924 PLATFORM

The tariff

We affirm our belief in the protective tariff to extend needed protection to our productive industries. We believe in protection as a national policy with equal regard to all sections and to agriculture and industry. It is only by adherence to this policy that the interests of the consumers can be safeguarded and American agriculture, American labor, and American manufacturers be assured a return sufficient to perpetuate American standards of life.

A protective tariff is designed to support the high American economic level of life for the average family and to prevent a lowering to the levels of economic life prevailing in other lands. It is the history of the Nation that the protective system has ever justified itself by promoting industrial activity and employment, enormously increasing our purchasing power, restoring confidence, and bringing increased prosperity to all.

The tariff protection to our industry works for increased consumption of domestic agricultural products by an employed population instead of one unable to purchase the necessities of life. Without the strict maintenance of the tariff principle our farmers will need always to compete with cheap lands and cheap labor abroad, and with lower standards of living.

The enormous value of the protective principle has once more been demonstrated by the effects of the Emergency Tariff Act of 1921 and the Tariff Act of 1922.

We believe that the power of the President to decrease or increase any rate of duty in the tariff act furnishes a safeguard against excessive duties and against too low customs charges, and affords ample opportunity for tariff duties to be adjusted after a hearing that they may cover the actual differences in the cost of production in the United States and the principal competing countries of the world.

1928 PLATFORM

Tariff

We reaffirm our belief in the protective tariff as a fundamental and essential principle of the economic life of this Nation. While certain provisions of the present law require revision in the light of changes in the world competitive situation since its enactment, the record of the United States since 1922 clearly shows that the fundamental protective principle of the law has been fully justified. It has stimulated the development of our natural resources, provided fuller employment at higher wages through the promotion of industrial activity, assured thereby the continuance of the farmer's major market, and further raised the standards of living and general comfort and well-being of our people. The great expansion in the wealth of our Nation during the past 50 years, and particularly in the past decade, could not have been accomplished without a protective tariff system designed to promote the vital interests of all classes.

Nor have these manifest benefits been restricted to any particular section of the country. They are enjoyed throughout the land either directly or indirectly. Their stimulus has been felt in industries, farming sections, trade circles, and communities in every quarter. However, we realize that there are certain industries which cannot now successfully compete with foreign producers because of lower foreign wages and a lower cost of living abroad, and we pledge the next Republican Congress to an examination and where necessary a revision of these schedules to the end that American labor in these industries may again command the home market, may maintain its standard of living, and may count upon steady employment in its accustomed field.

Adherence to that policy is essential for the continued prosperity of the country. Under it the standard of living of the American people has been raised to the highest levels ever known. Its example has been eagerly followed by the rest of the world whose experts have repeatedly reported with approval the relationship of this policy to our prosperity, with the resultant emulation of that example by other nations.

A protective tariff is as vital to American agriculture as it is to American manufacturing. The Republican Party believes that the home market, built up under the protective policy, belongs to the American farmer, and it pledges its support of legislation which will give this market to him to the full extent of his ability to supply it. Agriculture derives large benefits not only directly from the protective duties levied on competitive farm products of foreign origin but also, indirectly, from the increase in the purchasing power of the American workmen employed in industries similarly protected. These benefits extend also to persons engaged in trade, transportation, and other activities.

The Tariff Act of 1922 has justified itself in the expansion of our foreign trade during the past 5 years. Our domestic exports have increased from $3,800,000,000 in 1922 to $4,800,000,000 in 1927. During the same period imports have increased from $3,100,000,000 to $4,400,000,000. Contrary to the prophesies of its critics, the present tariff law has not hampered the natural growth in the exportation of the products of American agriculture, industry, and mining, nor has it restricted the importation of foreign commodities which this country can utilize without jeopardizing its economic structure.

The United States is the largest customer in the world today. If we were not prosperous and able to buy, the rest of the world also would suffer. It is inconceivable that American labor will ever consent to the abolition of protection, which would bring the American standard of living down to the level of that in Europe, or that the people in this country were curtailed and its market at home, if not destroyed, at least seriously impaired.

1932 PLATFORM

The tariff

The Republican Party has always been the stanch supporter of the American system of a protective tariff. It believes that the home market, built up under that policy, the greatest and richest market in the world, belongs first to American agriculture, industry, and labor. No pretext can justify the surrender of that market to such competition as would destroy our farms, mines, and factories, and lower the standard of living which we have established for our workers.

Because many foreign countries have recently abandoned the gold standard, as a result of which the costs of many commodities produced in such countries have, at least for the time being, fallen materially in terms of American currency, adequate tariff protection is today particularly essential to the welfare of the American people. The Tariff Commission should promptly investigate individual commodities so affected by currency depreciation, and report to the President any increase in duties found necessary to equalize domestic with foreign costs of production.

To fix the duties on some thousands of commodities, subject to highly complex conditions, is necessarily a difficult technical task. It is unavoidable that some of the rates established by legislation should, even at the time of their enactment, be too low or too high. Moreover, a subsequent change in costs or other conditions may render obsolete a rate that was before appropriate. The Republican Party has, therefore, long supported the policy of a flexible tariff, giving power to the President, after investigation by an impartial commission and in accordance with prescribed principles, to modify the rates named by the Congress.

We commend the President's veto of the measure, sponsored by Democratic Congressmen, which would have transferred from the President to the Congress the authority to put into effect the findings of the Tariff Commission. Approval of the measure would have returned tariffmaking to politics and destroyed the progress made during 10 years of effort to lift it out of logrolling methods. We pledge the Republican Party to a policy which will retain the gains made and enlarge the present scope of greater progress.

We favor the extension of the general Republican principle of tariff protection to our natural-resource industries, including the products of our farms, forests, mines, and oil wells, with compensatory duties on the manufactured and refined products thereof.

1936 PLATFORM

Tariff

Nearly 60 percent of all imports into the United States are now free of duty. The other 40 percent of imports complete directly with the product of our industry. We would keep on the free list all products not grown or produced in the United States in commercial quantities. As to all commodities that commercially compete with our farms, our forests, our mines, our fisheries, our oil wells, our labor, and our industries, sufficient protection should be maintained at all times to defend the American farmer and the American wage earner from the destructive competition emanating from the subsidies of foreign governments and the imports from low-wage and depreciated-currency countries.

We will repeal the present reciprocal-trade-agreement law. It is futile and dangerous. Its effect on agriculture and industry has been destructive. Its continuation would work to the detriment of the wage earner and farmer.

We will restore the principle of the flexible tariff in order to meet changing economic conditions here and abroad and broaden by careful definition the powers of the Tariff Commission in order to extend this policy along nonpartisan lines.

We will adjust tariffs with a view to promoting international trade, the stabilization of currencies, and the attainment of a proper balance between agriculture and industry.

We condemn the secret negotiation of reciprocal trade treaties without public hearing or legislative approval.

1940 PLATFORM

Tariff and reciprocal trade

We are threatened by unfair competition in world markets and by the invasion of our home markets, especially by the products of State-controlled foreign economies.

We believe in tariff protection for agriculture, labor, and industry, as essential to our American standard of living. The measure of the protection shall be determined by scientific methods with due regard to the interest of the consumer.

We shall explore every possibility of reopening the channels of international trade through negotiations so conducted as to produce genuine reciprocity and expand our exports.

We condemn the manner in which the so-called reciprocal trade agreements of the New Deal have been put into effect without adequate hearings, with undue haste, without proper consideration of our domestic producers, and without congressional approval. These defects we shall correct.

1944 PLATFORM

Foreign trade

We assure American farmers, livestock producers, workers, and industry that we will establish and maintain a fair protective tariff on competitive products so that the standards of living of our people shall not be im-

paired through the importation of commodities produced abroad by labor or producers functioning upon lower standards than our own.

If the postwar world is to be properly organized, a great extension of world trade will be necessary to repair the wastes of war and build an enduring peace. The Republican Party, always remembering that its primary obligation, which must be fulfilled, is to our own workers, our own farmers, and our own industry, pledges that it will join with others in leadership in every cooperative effort to remove unnecessary and destructive barriers to international trade. We will always bear in mind that the domestic market is America's greatest market and that tariffs which protect it against foreign competition should be modified only by reciprocal bilateral trade agreements approved by Congress.

1948 PLATFORM

At all times safeguarding our own industry and agriculture, and under efficient administrative procedures for the legitimate consideration of domestic needs, we shall support the system of reciprocal trade and encourage international commerce.

1952 PLATFORM

The 1952 platform of the Republican Party, adopted at the Republican National Convention in Chicago, Ill., on July 10, declared this policy on foreign trade:

"We favor the expansion of mutually advantageous world trade.

"To further this objective we shall press for the elimination of discriminatory practices against our exports such as preferential tariffs, monetary license restrictions, and other arbitrary devices. Our reciprocal trade agreements will be entered into and maintained on a basis of true reciprocity and to safeguard our domestic enterprises and the payrolls of our workers against unfair foreign competition."

THE POSITION OF THE DEMOCRATIC PARTY ON TARIFFS FROM 1856 TO 1948

1856 PLATFORM

Resolved, That there are questions connected with the foreign policy of this country which are inferior to no domestic question whatever. The time has come for the people of the United States to declare themselves in favor of free seas and progressive free trade throughout the world, and, by solemn manifestations, to place their moral influence at the side of their successful example.

1860 PLATFORM

No mention of tariffs.

1864 PLATFORM

No mention of tariffs.

1868 PLATFORM

Plank 6: "And a tariff for revenue upon foreign imports."

1872 PLATFORM

Plank 6: "And recognizing that there are in our midst honest but irreconcilable differences of opinion with regard to the respective systems of protection and free trade, we remit the discussion of the subject to the people in their congressional districts, and to the decision of the Congress thereon, wholly free from executive interference or dictation."

1876 PLATFORM

We denounce the present tariff, levied upon nearly 4,000 articles, as a masterpiece of injustice, inequality, and false pretense. It yields a dwindling, not a yearly rising, revenue. It has impoverished many industries to subsidize a few. It prohibits imports that might purchase the products of American labor. It has degraded American commerce from the first to an inferior rank on the high seas. It has cut down the sales of American manufacturers at home and abroad, and depleted the returns of American agriculture—an industry followed by half our people. It costs the people five times more than it produces to the Treasury, obstructs the processes of production, and wastes the fruits of labor. It promotes fraud, fosters smuggling, enriches dishonest officials, and bankrupts honest merchants. We demand that all customhouse taxation shall be only for revenue.

1880 PLATFORM

No mention of tariffs.

1884 PLATFORM

The Democratic Party is pledged to revise the tariff in a spirit of fairness to all interests. But, in making reduction in taxes, it is not proposed to injure any domestic industries, but rather to promote their healthy growth. From the foundation of this Government, taxes collected at the customhouse have been the chief source of Federal revenue. Such they must continue to be. Moreover, many industries have come to rely upon legislation for successful continuance, so that any change of law must be at every step regardful of the labor and capital thus involved. The process of reform must be subject in the execution to this plain dictate of justice; all taxation shall be limited to the requirements of economical government. The necessary reduction and taxation can and must be effected without depriving American labor of the ability to compete successfully with foreign labor, and without imposing lower rates of duty than will be ample to cover any increased cost of production which may exist in consequence of the higher rate of wages prevailing in this country. Sufficient revenue to pay all the expenses of the Federal Government, economically administered, including pensions, interest, and principal of the public debt, can be got under our present system of taxation from the customhouse taxes on fewer imported articles, bearing heaviest on articles of luxury and bearing lightest on articles of necessity. We, therefore, denounce the abuses of the existing tariff, and, subject to the preceding limitations, we demand that Federal taxation shall be exclusively for public purposes, and shall not exceed the needs of the Government, economically administered.

1888 PLATFORM

Tariff reform

Our established domestic industries and enterprises should not and need not be endangered by the reduction and correction of the burdens of taxation. On the contrary, a fair and careful revision of our tax laws, with due allowance for the difference between the wages of American and foreign labor, must promote and encourage every branch of such industries and enterprises by giving them assurance of an extended market and steady and continuous operations. In the interests of American labor, which should in no event be neglected, the revision of our tax laws contemplated by the Democratic Party should promote the advantage of such labor by cheapening the cost of necessaries of life in the home of every workingman and at the same time securing to him steady and remunerative employment. Upon this question of tariff reform, so closely concerning every phase of our national life, and upon every question involved in the problem of good government, the Democratic Party submits its principles and professions to the intelligent suffrages of the American people.

Reduction of revenue

Resolved, That this convention hereby endorses and recommends the early passage of the bill for the reduction of the revenue now pending in the House of Representatives.

1892 PLATFORM

Tariff legislation

SEC. 3. We denounce Republican protection as a fraud—a robbery of the great majority of the American people for the benefit of the few. We declare it to be a fundamental principle of the Democratic Party that the Federal Government has no constitutional power to impose and collect tariff duties, except for the purposes of revenue only, and we demand that the collection of such taxes shall be limited to the necessities of the Government when honestly and economically administered.

We denounce the McKinley tariff law enacted by the Fifty-first Congress as the culminating atrocity of class legislation; we endorse the efforts made by the Democrats of the present Congress to modify its most oppressive features in the direction of free raw materials and cheaper manufactured goods that enter into general consumption, and we promise its repeal as one of the beneficient results that will follow the action of the people in intrusting power to the Democratic Party. Since the McKinley tariff went into operation there have been 10 reductions of the wages of the laboring men to 1 increase. We deny that there has been any increase of prosperity to the country since that tariff went into operation, and we point to the dullness and distress, to the wage reductions and strikes in the iron trade, as the best possible evidence that no such prosperity has resulted from the McKinley Act.

We call the attention of thoughtful Americans to the fact that, after 30 years of restrictive taxes against the importation of foreign wealth in exchange for our agricultural surplus, the homes and farms of the country have become burdened with a real-estate mortgage debt of over $2,500,000,000, exclusive of all other forms of indebtedness; that in one of the chief agricultural States of the West there appears a real-estate mortgage debt averaging $165 per capita of the total population, and that similar conditions and tendencies are shown to exist in the other agricultural-exporting States. We denounce a policy which fosters no industry so much as it does that of the sheriff.

Reciprocity

SEC. 4. Trade interchange on the basis of reciprocal advantages to the countries participating is a time-honored doctrine of the Democratic faith, but we denounce the sham reciprocity which juggles with the people's desire for enlarge foreign markets and freer exchanges, by pretending to establish closer trade relations for a country whose articles of export are almost exclusively agricultural products, with other countries that are also agricultural, while erecting a customhouse barrier of prohibitive tariff taxes against the richest countries of the world, that stand ready to take our entire surplus of products, and to exchange therefor commodities which are necessaries and comforts of life among our own people.

1896 PLATFORM

Tariff resolution

We hold that tariff duties should be levied for purposes of revenue, such duties to be so adjusted as to operate equally throughout the country, and not discriminate between class or section, and that taxation should be limited by the needs of the Government, honestly and economically administered. We denounce as disturbing to business the Republican threat to restore the McKinley law, which has twice been condemned by the people in national elections, and which, enacted under the false plea of protection to home industry, proved a prolific breeder of trusts and monopolies, enriched the few at the expense of the many, restricted trade, and depriced the producers of the great American staples of access to their natural markets.

Until the money question is settled we are opposed to any agitation for further changes in our tariff laws, except such as are necessary to meet the deficit in revenue caused by the adverse decision of the Supreme Court on the income tax. But for this decision by the Supreme Court, there would be no deficit in the revenue under the law passed by a Democratic Congress in strict pursuance of the uniform decisions of that Court for nearly 100 years, that Court having in that decision sustained constitutional objections to its enactment, which had previously been overruled by the ablest judges who have ever sat on that bench. We declare that it is the duty of Congress to use all the constitutional power which remains after that decision, or which may come from its reversal by the Court as it may hereafter be constituted, so that the burdens of taxation may be equally and impartially laid, to the end that wealth may bear its due proportion of the expense of the Government.

1900 PLATFORM

The free list as a remedy

Tariff laws should be amended by putting the products of trusts upon the free list, to prevent monopoly under the plea of protection.

The Dingley tariff law

We condemn the Dingley tariff law as a trust-breeding measure, skillfully devised to give the few favors which they do not deserve and to place upon the many burdens which they should not bear.

1904 PLATFORM

Tariff legislation

The Democratic Party has been and will continue to be the consistent opponent of that class of tariff legislation by which certain interests have been permitted, through congressional favor, to draw a heavy tribute from the American people. This monstrous prevention of those equal opportunities which our political institutions were established to secure has caused what may once have been infant industries to become the greatest combinations of capital that the world has ever known. These especial favorites of the Government have, through trust methods, been converted into monopolies, thus bringing to an end domestic competition, which was the only alleged check upon the extravagant profits made possible by the protective system. These industrial combinations, by the financial assistance they can give, now control the policy of the Republican Party.

We denounce protection as a robbery of the many to enrich the few, and we favor a tariff limited to the needs of the Government, economically administered, and so levied as not to discriminate against any industry, class, or section, to the end that the burdens of taxation shall be distributed as equally as possible.

We favor a revision and a gradual reduction of the tariff by the friends of the masses and for the common weal, and not by the friends of its abuses, its extortions, and its discriminations, keeping in view the ultimate ends of "equality of burdens and equality of opportunities," and the constitutional purpose of raising a revenue by taxation, to wit, the support of the Federal Government in all its integrity and virility, but in simplicity.

1908 PLATFORM

Tariff

We welcome the belated promise of tariff reform, now offered by the Republican Party, as a tardy recognition of the righteousness of the Democratic position on this question; but the people cannot safely intrust the execution of this important work to a party which is so deeply obligated to the highly protected interests as is the Republican Party. We call attention to the significant fact that the promised relief is postponed until after the coming election—an election to succeed in which the Republican Party must have that same support from the beneficiaries of the high protective tariff as it has always heretofore received from them; and to the further fact that during years of uninterrupted power no action whatever has been taken by the Republican Congress as to correct the admittedly existing tariff inequities.

We favor immediate revision of the tariff by the reduction of import duties. Articles entering into competition with trust-controlled products should be placed upon the free list; material reductions should be made in the tariff upon the necessaries of life, especially upon articles competing with such American manufactures as are sold abroad more cheaply than at home; and gradual reductions should be made in such other schedules as may be necessary to restore the tariff to a revenue basis.

Existing duties have given the manufacturers of paper a shelter behind which they have organized combinations to raise the price of pulp and paper, thus imposing a tax upon the spread of knowledge. We demand the immediate repeal of the tariff on wood pulp, print paper, lumber, timber and logs, and that those articles be placed upon the free list.

1912 PLATFORM

Tariff reform

We declare it to be a fundamental principle of the Democratic Party that the Federal Government, under the Constitution, has no right or power to impose or collect tariff duties except for the purpose of revenue, and we demand that the collection of such taxes shall be limited to the necessities of Government honestly and economically administered.

The high Republican tariff is the principal cause of the unequal distribution of wealth. It is a system of taxation which makes the rich richer and the poor poorer. Under its operations the American farmer and laboring man are the chief sufferers. It raises the cost of the necessaries of life to them, but does not protect their product or wages. The farmer sells largely in free markets and buys almost entirely in the protected markets. In the most highly protected industries, such as cotton and wool, steel and iron, the wages of the laborers are the lowest paid in any of our industries. We denounce the Republican pretense on that subject and assert that American wages are established by competitive conditions and not by the tariff.

We favor the immediate downward revision of the existing high, and in many cases prohibitive tariff duties, insisting that material reductions be speedily made upon the necessaries of life. Articles entering into competition with trust-controlled products and articles of American manufacture which are sold abroad more cheaply than at home should be put upon the free list.

We recognize that our system of tariff taxation is intimately connected with the business of the country, and we favor the ultimate attainment of the principles we advocate by legislation that will not injure or destroy legitimate industry.

We denounce the action of President Taft in vetoing the bills to reduce the tariff in the cotton, woolen, metal, and chemical schedules and the farmer's free-list bill, all of which were designed to give immediate relief to the masses from the exactions of the trusts.

The Republican Party, while promising tariff revision, has shown by its tariff legislation that such revision is not to be in the people's interest; and having been faithless to its pledges of 1908, it should no longer enjoy the confidence of the Nation. We appeal to the American people to support us in our demand for a tariff for revenue only.

1916 PLATFORM

Tariff

We reaffirm our belief in the doctrine of a tariff for the purpose of providing sufficient revenue for the operation of the Government economically administered and unreservedly indorse the Underwood tariff law as truly exemplifying that doctrine. We recognize that tariff rates are necessarily subject to change to meet changing conditions in the world's production and trade. The events of the last 2 years have brought about many momentous changes. In some respects their effects are yet conjectural and wait to be disclosed, particularly in regard to our foreign trade.

Two years of a war which has directly involved most of the chief industrial nations of the world and which has indirectly affected the life and industry of all nations, are bringing about economic changes more varied and far-reaching than the world has even before experienced. In order to ascertain just what those changes may be, the Democratic Congress is providing for a nonpartisan tariff commission to make impartial and thorough study of every economic fact that may throw light either upon our past or upon our future fiscal policy with regard to the imposition of taxes on imports or with regard to the changed and changing conditions under which our trade is carried on. We cordially endorse this timely proposal and declare ourselves in sympathy with the principle and purpose of shaping legislation within that field in accordance with clearly established facts rather than in accordance with the demands of selfish interests or upon information provided largely if not exclusively, by them.

1920 PLATFORM

The tariff

We reaffirm the traditional policy of the Democratic Party in favor of a tariff for revenue only and we confirm the policy of basing tariff revisions upon the intelligent research of a nonpartisan commission, rather than upon the demands of selfish interests, temporarily held in abeyance.

1924 PLATFORM

Tariff and taxation

The Fordney-McCumber Tariff Act is the most unjust, unscientific, and dishonest tariff tax measure ever enacted in our history. It is class legislation, which defrauds all the people for the benefit of a few; it heavily increases the cost of living, penalizes agriculture, corrupts the Government, fosters paternalism, and, in the long run, does not benefit the very interests for which it was enacted.

We denounce the Republican tariff laws which are written in great part in aid of monopolies and thus prevent that reasonable exchange of commodities which would enable foreign countries to buy our surplus agricultural and manufactured products with resultant benefit to the toilers and producers of America. Trade interchange, on the basis of reciprocal advantages to the countries participating, is a time-honored doctrine of Democratic faith. We declare our party's position to be in favor of a tax on commodities entering the customhouses that will promote effective competition, protect against monopoly, and at the same time produce a fair revenue to support the Government.

The greatest contributing factor in the increase and unbalancing of prices is unscientific taxation. After having increased taxation and the cost of living by $2 billion, under the Fordney-McCumber tariff, all that the Republican Party could suggest in the way of relief was a cut of $300 million in direct taxes; and that was to be given principally to those with the largest incomes. Although there was no evidence of a lack of capital for investment to meet the present

requirements of all legitimate industrial enterprises, and although the farmers and general consumers were bearing the brunt of tariff favors already granted to special interests, the administration was unable to devise any plan except one to grant further aid to the few. Fortunately this plan of the administration failed, and, under Democratic leadership aided by progressive Republicans, a more equitable one was adopted, which reduces direct taxes by about $450 million.

1928 PLATFORM

Tariff

The Democratic tariff legislation will be based on the following policies:

(a) The maintenance of legitimate business and a high standard of wages for American labor.

(b) Increasing the purchasing power of wages and income by the reduction of those monopolistic and extortionate tariff rates bestowed in payment of political debts.

(c) Abolition of logrolling and restoration of the Wilson conception of a fact-finding Tariff Commission, quasi-judicial and free from the Executive domination which has destroyed the usefulness of the present Commission.

(d) Duties that will permit effective competition, insure against monopoly, and at the same time produce a fair revenue for the support of Government. Actual difference between the cost of production at home and abroad, with adequate safeguard for the wage of the American laborer, must be the extreme measure of every tariff rate.

(e) Safeguarding the public against monopoly created by special tariff favors.

(f) Equitable distribution of the benefits and burdens of the tariff among all.

Wage earner, farmer, stockman, producer, and legitimate business in general have everything to gain from a Democratic tariff based on justice to all.

1932 PLATFORM

We advocate a competitive tariff for revenue, with a fact-finding Tariff Commission free from Executive interference, reciprocal tariff agreements with other nations, and an international economic conference designed to restore international trade and facilitate exchange.

We condemn the Hawley-Smoot tariff law, the prohibitive rates of which have resulted in retaliatory action by more than 40 countries, created international economic hostilities, destroyed international trade, driven our factories into foreign countries, robbed the American farmer of his foreign markets, and increased the cost of production.

1936 PLATFORM

Foreign policy

We shall continue to foster the increase in our foreign trade which has been achieved by this administration; to seek by mutual agreement the lowering of those tariff barriers, quotas, and embargoes which have been raised against our exports of agricultural and industrial products; but continue as in the past to give adequate protection to our farmers and manufacturers against unfair competition or the dumping on our shores of commodities and goods produced abroad by cheap labor or subsidized by foreign governments.

1940 PLATFORM

We shall * * * observe and advocate international respect for the rights of others and for treaty obligations; cultivate foreign trade through desirable trade agreements; and foster economic collaboration with the republics of the Western Hemisphere.

1944 PLATFORM

V. We shall uphold the good-neighbor policy, and extend the trade policies initiated by the present administration.

1948 PLATFORM

We pledge ourselves to restore the reciprocal trade agreements program formulated in 1934 by the Secretary of State Cordell Hull and operated successfully for 14 years, until crippled by the Republican Eightieth Congress. Further, we strongly endorse our country's adherence to the International Trade Organization.

1952 PLATFORM

At the 1952 Democratic National Convention the party included the following plank in its platform:

"EXPANDING WORLD TRADE

"The Democratic Party has always stood for expanding trade among free nations. We reassert that stand today. We vigorously oppose any restrictive policies which would weaken the highly successful reciprocal trade program fathered by Cordell Hull.

"Since 1934 the United States has taken the lead in fostering the expansion and liberalization of world trade.

"Our own economy requires expanded export markets for our manufactured and agricultural products and a greater supply of the essential imported raw materials. At the same time, our friends throughout the world will have opportunity to earn their own way to higher living standards with lessened dependence on our aid."

TARIFF HISTORY, 1780–1949

Mr. MALONE. Mr. President, in addition to the documentation of the political platforms, I compiled a short tariff history of the United States, a definition of tariffs, and the period through which the tariff policy had passed.

It may be very interesting to my colleagues of the Senate if they have the time to review it.

At least I predict that it will become interesting to them in the very near future—when it becomes crystal clear as to the real objectives of the foreign low-wage standard of living of nations of the world in their designs on our markets.

I ask unanimous consent at this time to have included in the RECORD at this point in my remarks the tariff history of the United States to which I have referred, which appears at pages 56 to 58 of the reprint of my debates of 1949.

There being no objection, the tariff history was ordered to be printed in the RECORD, as follows:

A SHORT TARIFF HISTORY OF THE UNITED STATES

I. DEFINITION OF TARIFFS

There are two basically different kinds of tariffs:

(a) Revenue tariffs.

(b) Protective tariffs.

A revenue tariff is one which is levied on imports with the objective of raising the maximum revenue for the support of the Government. To maximize revenue it is necessary to have large imports which require low tariff rates.

A protective tariff is one which is designed to protect domestic manufactures, or mining, or agriculture from imports from abroad. The more protective a tariff is, the more it will keep out imports. A tariff which is 100 percent protective will keep out all imports. Hence, a completely protected tariff will yield no revenue to the government since there will be no imports.

II. HISTORY OF UNITED STATES TARIFFS FROM 1780 TO 1949

A short survey of tariff history of the United States can be best described by dividing it into seven periods.

A. The period 1780 to 1789 (American Government under the Articles of Confederation).

B. The period 1789 to 1816 (interval from the establishment of the United States under the Constitution to the end of the War of 1812).

C. The period 1816 to 1861 (interval from the end of the War of 1812 to the beginning of the Civil War).

D. The period 1861 to 1913 (interval from the Civil War to Woodrow Wilson's free-trade program).

E. The period 1913 to 1921 (interval of free-trade tariffs under Woodrow Wilson and the Democrats).

F. The period 1921 to 1934 (interval of protective tariffs under Republican administration).

G. The period 1934 to 1949 (interval of trade agreements and free trade).

The principal development during each of these seven periods will be described in order.

A. Confederation period, 1780–89

When the 13 American Colonies declared their independence from England, they formed a provisional Government in 1776 known as the Confederation Government which provided for a Continental Congress. The new Government operated under the Articles of Confederation which were finally ratified in 1781.

Under the Confederation Government, the individual States levied numerous tariffs, many of which were definitely protective tariffs.

During the period from 1780 to 1789 Pennsylvania enacted 15 tariff acts; Virginia, 12; Massachusetts, New York, and Maryland, 7 each; Connecticut, 6; and the other States a lesser number.

The tariffs levied in the Middle Atlantic and New England States were protective tariffs or for purposes of retaliation, while those of the Southern States were chiefly revenue tariffs.

B. Period from 1789 to 1816

With the establishment of the United States Government in 1789, control over foreign commerce was reserved to the Federal Government so that the individual States lost their power to levy import duties. The new Congress under the Constitution met for the first time on March 4, 1789, and its first act was to levy a tariff primarily for revenue purposes.

During the period from 1789 to 1816 numerous tariff acts were passed, but the first time a definite protective tariff system was passed was in 1816, after the close of the War of 1812. It was designed to protect the infant manufacturing industries that had sprung up during the war from a flood of cheap postwar manufactured products from England.

The revenue tariff passed in 1789 provided for import duties ranging from 5 percent to 15 percent, with no commodities on the free list. A 5-percent duty was levied on all commodities not otherwise enumerated.

From 1789 to the beginning of the War of 1812, Congress passed 13 tariff laws, raising duties on some commodities to secure higher revenues and placing other commodities on the free list.

The average level of tariffs from 1791 to 1812, found by dividing the duties collected by the value of the dutiable imports each year, ranged from 11.2 percent in 1795 to 37.2 percent in 1808. The level of tariffs for each year from 1791 to 1812 is as follows:

Rate of duty on dutiable imports

Year:	*Percent*
1791	15.34
1792	11.54
1793	14.68
1794	17.10
1795	11.21
1796	12.02
1797	15.60

Rate of duty on dutiable imports—Con.

Year:	Percent
1798	19.99
1799	19.70
1800	17.42
1801	16.61
1802	30.67
1803	20.52
1804	22.76
1805	19.19
1806	21.22
1807	20.09
1808	37.22
1809	18.80
1810	14.07
1811	35.62
1812	13.07

The average level of tariffs for the 10-year period from 1791 to 1800 was just under 15 percent (14.89 percent) while for the 10-year period 1801 to 1810 it was 21.4 percent.

It is of great interest to note that during the first two decades of the Republic the tariff level ranged from 15 to 21 percent, a period when tariffs were primarily for revenue and not for protection. This was the free-trade period in American tariff history. Yet last year, 1948, the average tariffs on dutiable imports were only 13.7 percent, an amount lower than during the first 25 years of our history. It can truly be said that today America is a free-trade country, with the lowest level of tariffs in its history, with tariffs lower than the revenue tariffs of 150 years ago.

C. Tariffs from 1816 to 1861

The 45-year period from 1816 to the Civil War in 1861 was marked by the inauguration of a protective-tariff system in 1816 just after the close of the War of 1812. Increasing protection was given manufactures for the next 15 to 20 years, after which the level of protective tariffs showed a downward trend to 1861.

The upward trend of protective tariffs to 1830 and the trend toward lower protective tariffs from 1830 to 1860 is indicated in the average tariff level by 10-year periods from 1810 to 1860. These were as follows:

Duties collected as a percent of the value of dutiable imports

10-year period:	Percent
1811–20	24.06
1821–30	37.47
1831–40	31.22
1841–50	27.01
1851–60	24.06

While protective tariffs when averaged for 10-year periods varied from a low of 24 percent to a high of 37 percent, the range for individual years was much greater. In 1830 the tariff level was 47.59 percent and was in excess of 40 percent for the years 1826, 1828, 1829, 1833, and 1835. For the 10 years ending in 1845, with the exception of one year, the tariff level was never less than 25 percent and never over 30 percent. From a level of 30 percent in 1845 the tariff declined gradually during the next 15 years to a level of only 19 and a fraction percent for the years 1859, 1860, and 1861. This was the lowest tariff level reached until 1920 when the Wilsonian free trade tariff took effect at the end of World War I.

The principal tariff acts passed between 1816 and 1861 were the acts of 1816, 1824, 1828, 1833, 1842, 1846, and 1857. The first three of these acts (1816, 1824, and 1828) raised tariffs and gave a high degree of protection to cotton and woolen goods and to some kinds of iron. In the tariff of 1828, for example, tariffs on woolen goods reached 100 percent ad valorem.

Beginning with the tariff act of 1833, protective duties were lowered in each successive tariff act with the exception of the 1842 act which raised tariffs for the 4-year period from 1842 to 1846. The Walker Tariff Act of 1846 and the Tariff Act of 1857 brought about substantial reductions in tariffs, the average tariff level falling from 29.2 percent in 1846 to 19.1 percent in 1861.

It was during the congressional battles over the tariff acts of 1828 and 1833 that the split between the South and the North over protective tariffs became acute, the South favoring tariffs for revenue only and the North favoring high tariffs to protect manufacturers which were rapidly expanding in the Northern States.

D. Tariffs from 1861 to 1913

The 53-year period from the beginning of the Civil War to the inauguration of Woodrow Wilson in 1913 was a period when the Republican Party was in power almost all of the time and when the tariffs were maintained consistently at a protectionist level. The annual level of the tariff by 10-year periods from 1860 to 1913 never fell below 40 percent and never rose much above 40 percent, although the level nearly reached 50 percent from 1898 to 1904. The average annual tariff level by decades during this period was as follows:

Tariff level (annual average)

10-year period:	Percent
1861–70	44.62
1871–80	41.95
1881–90	44.53
1891–1900	46.73
1901–10	45.20

During the Civil War period from 1861 to 1865 a series of tariff acts was passed, the net effect of which was to raise the level of tariffs from 19.1 percent in 1861 to 53.1 percent in 1865. Tariffs were raised for three reasons: To increase revenues to help finance the war; to provide additional protection for manufacturing; and to impose countervailing duties to equal the internal-revenue taxes levied on various manufactured products as a means of helping to finance the war.

During the first few years after the war ended in 1865 tariffs were lowered on various commodities, such as coffee, tea, sugar, spices, etc., but these were revenue tariffs. At the same time tariff duties on woolens and other manufactured goods of certain kinds were increased. The net effect was to maintain the protective tariff general level above 40 percent, or over twice that when the war began.

The election of Grover Cleveland on the Democratic ticket in 1892 led to the passage of the Wilson Tariff Act (named for the Congressman who introduced the bill) in 1894. Some duties were reduced under the 1894 act, but the net effect on the general level of tariffs was slight.

When the Republicans came back into power with the election of McKinley in 1896, they quickly passed a new tariff act on July 24, 1897, known as the Dingley Act. This act provided for substantial increases in protective-tariff duties on many commodities so that for the next 7 years the average tariff level was about 50 percent. This was the peak level of protective tariffs for a 7-consecutive-year period throughout our entire history.

This 7-year period of high protective tariffs averaging about 50 percent came to an end with the year 1904. For this year the tariff level was 49 percent and gradually sank year by year to a level of 40 percent for the year 1913.

Brief mention should be made of the Payne-Aldrich Tariff Act passed in 1909 by the Republicans under President Taft. Both major parties in the election of 1908 adopted a plank in their platform favoring a downward revision of the tariff. This tariff act provided for reductions in tariffs on 584 items and for increases on 300 items, many of which were on cotton goods of various types. The net effect of this tariff was to bring about a slight decrease in the tariff level from 1909 to 1913. The tariff level fell from 43 percent in 1909 to 40 percent in 1913.

E. Tariffs from 1913 to 1921

In the election campaign of 1912 the Republican Party came out boldly in its platform in favor of protective tariffs, while the Democratic Party platform came out flatly opposed to all protective tariffs and stated it believed in tariffs for revenue only. In fact the Democratic platform went so far as to assert the following:

"We declare it to be a fundamental principle of the Democratic Party that the Federal Government, under the Constitution, has no right or power to impose or collect tariff duties except for the purpose of revenue."

Because of the split in the Republican Party occasioned by Teddy Roosevelt's formation of the Bull Moose Party, the Democrats won the election and Woodrow Wilson became President on March 4, 1913.

The first thing Congress did after Wilson's inauguration was to take up the question of revision of the tariffs and on October 3, 1913, the Underwood Tariff Act was passed. The Underwood tariff reduced tariffs on many commodities and eliminated tariffs entirely on a large number of commodities, placing them on the free list.

Under the Underwood tariff the following commodities were deprived of all tariffs and placed on the free list: Raw wool; metals; agricultural products including live cattle, meats, wheat, corn, flax, tea, hemp; and numerous manufactures including boots, shoes, gunpowder, woodpulp, and print paper.

The full economic effects of these drastic reductions in tariffs could not be measured during the immediate years that followed because 9 months after the passage of the act, World War I broke out in Europe. The war greatly increased the demand for United States exports and greatly reduced imports from Europe at the same time that imports increased from other continents. But even so a pronounced drop in the tariff level occurred between 1914 and 1918 which became even greater in the 2 years following the war. The tariff level by years from 1913 to 1920 was as follows:

	Percent
1913	40.1
1914	37.6
1915	33.4
1916	30.7
1917	27.2
1918	24.4
1919	21.3
1920	16.4

These levels of tariff just described are the ratio between the value of duties collected and the value of dutiable imports. If the value of imports on the free list are included, the tariff level for 1921 was only 6.4 percent compared with 17.7 percent for 1913.

It is of interest to note that the level of protective tariffs fell over 50 percent in 5 years and fell 33 percent during the 2-year period 1918 to 1920. It is also significant to note that a slump in prices and widespread unemployment accompanied these rapid reductions in protective tariffs.

So disastrous had become the fall in prices and unemployment in 1920, particularly the fall in agricultural prices, that an emergency tariff was rushed through May 28, 1921. The return of the Republican Party to power in the Presidential election in November 1920 paved the way for new tariff legislation providing for adequate protective tariffs.

F. Tariffs from 1921 to 1934

During the 14-year period from 1921 to 1934 three important tariff acts were passed; the Emergency Tariff Act of 1921, the Fordney-McCumber Tariff Act of 1922, and the Hawley-Smoot Tariff Act of 1930.

The Emergency Tariff Act of 1921

The Emergency Tariff Act of 1921 was rushed through primarily for three reasons. In the first place, it was to satisfy the wide-

spread demand of American farmers for protection from imports of foreign agricultural products. In the second place, it was to prevent the dumping of foreign-produced goods in the United States at prices below the foreigners' cost of production. Finally, in the third place, it was to provide for the protection of American producers against the devaluation of foreign currencies, a device which was widespread after World War I as a means of circumventing protective tariffs of other countries.

The tremendous slump in farm prices following loss of foreign markets threatened the American farmer with competition from foreign agricultural producers and was the principal reason for rushing through the tariff legislation in 1921. Protective duties were levied on imports of wheat, flax seed, corn, beans, peanuts, potatoes, onions, rice, peanut, cottonseed, and soya bean oils, cattle, sheep, and fresh or frozen meats. The import duty levied on wheat was 35 cents per bushel, on corn 15 cents per bushel, on potatoes 25 cents per bushel, on beans 2 cents per pound, and sheep $2 per head, on fresh or frozen meats 2 cents per pound, on peanuts 3 cents per pound, on rice 2 cents per pound, on cattle 30 percent ad valorem, and meats of all kinds, prepared or preserved, not specially provided for, 25 percent ad valorem. Protective duties were also levied on cotton, wool, sugar, butter, cheese, milk, tobacco, apples, cherries, and other products.

The Fordney-McCumber Tariff Act of 1922

The emergency act of 1921 was superseded the following year by the Fordney-McCumber Tariff Act of 1922.

Since the passage of the Underwood Tariff Act in 1913 drastic changes in the economic conditions in the United States and other countries had occurred as a result of World War I and the conditions which followed the war. These changes in conditions in world production and trade required a reappraisal of American tariff policy. In general the tariff adjustments of 1922 took the form of higher duties. The enactment of higher import duties in 1922 may be attributed to the following five causes:

1. Fear of excessive imports following the cessation of hostilities and the return to more normal conditions.

2. The demand for higher duties by a number of industries, especially chemical and mineral, newly created or greatly expanded as a result of the extraordinary demands made upon them by the shutting off of foreign sources of supply during the war.

3. The increased competition encountered by staple agricultural products resulting from overproduction in domestic areas under the stimulus of war conditions and the return to production of low-cost areas developed during the war as well as by the return to production in various war areas.

4. The demand that industries producing material essential to war be encouraged.

5. Changes in economic conditions resulting from depreciation of currency in many European countries and from the depression of 1921.

The professed general objective of the 1922 tariff act was to restore import duties to approximately the level prevailing before the Underwood Tariff Act of 1913. In the majority of schedules this was actually done although in individual cases duties were lowered while in other cases they were raised above the 1913 level. For example duties were raised on chemicals, oils, and paints from 22 percent to 29 percent ad valorem, on metals and manufactures of metals, from 24 percent to 33 percent ad valorem, and on wood and manufactures of wood, from 13 percent to 24 percent. On the other hand, import duties on tobacco and manufactures of tobacco were reduced from 83 percent to 54 percent, while duties on spirits, wines, and other beverages were reduced from 90 percent to 39 percent ad valorem. The net effect of all the changes can be seen by comparing the ad valorem rate of duty on dutiable imports for the year 1914 and the year 1926, 4 years after the passage of the act. In 1926 import duties collected averaged 39 percent of the value of all dutiable imports compared with 38 percent for the year 1914. For the entire period from the passage of the Fordney-McCumber Act, September 22, 1922, to the passage of the Hawley-Smoot law, June 18, 1930, the average import duties were 38.5 percent of the value of all dutiable imports.

Under the Payne-Aldrich tariff from 1909 to 1913 import duties were 40.8 percent of the value of dutiable imports. Hence, it will be seen that the protective tariffs under the Republicans during the decade following World War I were lower than the tariffs prior to the First World War. Furthermore, during the decade of the 1920's a larger percent of our imports came in free of any duties than during the prewar period, 1909 to 1913. During the decade of the 1920's 64 percent of all our imports came in free of duty while only 53 percent of all imports came in free of duty during the period 1909 to 1913.

Flexible Tariff Provisions

The Tariff Act of 1922 also provided, in section 315, for a system of flexible tariffs in order to equalize foreign and domestic costs of production. The President was authorized to increase or decrease existing rates of duties by not more than 50 percent after investigation by the Tariff Commission. Very few changes, however, were made under this authorization prior to 1934 and, in these cases where the President exerted his power, it was usually to raise duties.

Another important provision of the act of 1922 was that contained in section 316, which provided for additional duties, or in extreme cases, that imports might be completely prohibited, if a foreign country engaged in unfair competition.

The Hawley-Smoot Tariff Act of 1930

The Hawley-Smoot Tariff Act of 1930 was passed primarily in order to provide still greater protection for the American farmer against competitive imports of oil, fats, dairy products, hides, skins, and numerous other agricultural products. The purpose was to preserve the home market in these commodities for the American farmer. Furthermore, certain other industries were experiencing increased competition from imports of foreign goods and demanded more protection. Some increases in import duties on industrial products were, also, made to compensate for the higher duties upon raw materials which were provided by the 1930 act.

The net effect of the various tariff changes in the Hawley-Smoot Tariff Act was to raise the average import-duty level over the 1922 act from 38 percent to 41 percent ad valorem. Since, however, the period from 1930 through 1933 was one of depression and declining prices and, since many duties were specific, the net effect was to raise the average level on tariffs considerably above 41 percent. The average amount of import duties collected as a percentage of the value of all dutiable imports reached 59.1 percent for the year 1932, but by 1935, as prices rose, had dropped back to 42.9 percent.

The Hawley-Smoot Act of 1930 continued the flexible tariff provisions of the 1922 act, which authorized the President to increase or decrease the duties by as much as 50 percent on recommendation of the Tariff Commission. One change was made, however. The power of the Tariff Commission was strengthened and the President was no longer given the power to alter the actual rate recommended.

The Revenue Acts of 1932 and 1934

In 1932 an amendment was attached to a revenue act providing for the imposition of duties on petroleum, petroleum products, coal, lumber, and copper. In 1934 similar action was taken with respect to whale and fish oils. These new duties were classed as import taxes and were not considered as import duties subject to the provisions of the Tariff Act of 1930.

Conclusions, 1920–34 Period

In conclusion, it may be stated that the level of protective tariffs under the Republicans from 1922 to 1930 was slightly lower than the level which prevailed from 1880 to 1913. Under the Hawley-Smoot tariff of 1930 the level of tariff rates was slightly increased but the actual effect was a substantial temporary increase in the tariff level because of the rapid fall in prices from 1930 to 1933. With the return of rising prices, which began in 1932, the protective-tariff level started to decline and in 1936 fell to 39.2 percent. This is a level approximately equal to that during the 1920's under the Fordney-McCumber Act. Not enough trade agreements had been signed by 1936 under the terms of the Trade Agreements Act of 1934 to noticeably affect the tariff level. During 1934 and 1935 only 9 trade agreements had been signed and in every case but one were with small countries such as Belgium, Cuba, Haiti, and Honduras.

G. Tariffs from 1934 to 1949

Despite the fact that there have been no new tariff acts since the enactment of the Smoot-Hawley Act in 1930, we must regard the period from June 1934 to the present as a separate one in the tariff history of the United States. On the 12th of June 1934 Congress passed an amendment to the Tariff Act of 1930, the so-called Trade Agreements Act. With this amendment Congress authorized the President to negotiate and enter into foreign-trade agreements. To give the President bargaining power he was authorized to raise or lower tariffs a maximum of 50 percent of the rates of the Tariff Act of 1930. The ostensible reason for surrendering the legislative function in regard to making tariffs was the desire to assist in the then existing emergency in restoring the American standard of living, in overcoming domestic employment, and the present economic depression, etc.

In advocating this means of reducing tariffs, the Roosevelt administration lived up to its commitments in the Democratic Party platform of the 1932 election, when the party had pledged reduction of tariffs. The act had been passed primarily as an emergency measure, and under the terms of the act its duration was to be 3 years. However, under this authority the administration reduced tariffs to the lowest level in United States history, and several extensions of the act continued it far beyond the point when it could have had any justification as an emergency measure. In 1937 and 1940 the act was extended for 3 years each, and in 1943 for 2 years only. In 1945 it was extended for another 3 years, and the President was again entitled to raise or lower the rates of duty by a maximum of 50 percent of the rates in force on January 1, 1945. In other words, those products which had suffered a reduction by 50 percent of the rate under the 1930 act by virtue of the first Trade Agreements Act, could again be affected by a further reduction of 50 percent. Thus, on a good number of products the reduction of duties reached 75 percent of the rates provided for under the Tariff Act of 1930. In 1948 the Trade Agreements Act was continued for 1 year only, with a few changes, the most important being the provision for peril-point studies by the Tariff Commission.

Under the Trade Agreements Act trade agreements with 42 nations are in effect today. Twenty-three of these agreements were negotiated in one great tariff-cutting festival at Geneva, Switzerland, where 23 nations bartered and horse traded with each other for tariff reductions.

At the present time in Annecy, France, the GATT nations have again met to discuss the results of the first Geneva agreements on tariffs and trade, and to negotiate with 13 more nations on further tariff cuts.

The agreements entered into under the Trade Agreements Act are executive agreements and as such are not subject to congressional approval. The function of legislating on tariffs was surrendered to the President under the 1934 act.

Mr. MALONE. Mr. President, the New Deal free trade program has had some strange bedfellows in the past, men like Alger Hiss, Harry Dexter White, V. Frank Coe, Harold Glasser, and Victor Perlo.

Details of their participation in the program were given in Mr. David Senter's column, published in the Baltimore News-Post and other Hearst newspapers on Monday, May 2, 1955, under the heading "Washington Window: The Free Trade Program Debate."

I ask unanimous consent that there be printed in the RECORD at this point in my remarks the article above referred to.

There being no objection the article was ordered to be printed in the RECORD, as follows:

WASHINGTON WINDOW: THE FREE TRADE PROGRAM DEBATE

(By David Sentner)

Soviet spies and Communists in top Government posts (so labeled in congressional testimony) had much to do with the creation of the free-trade program which will be debated this week in the Senate.

Alger Hiss was chairman of the Citizens' Committee for Reciprocal World Trade and personally plugged for renewal of the Reciprocal Trade Agreements Act in 1948 just before the heat was turned on over his connection with the pumpkin papers.

And GATT, academically known as the General Agreement on Tariff and Trade, which will get its lumps as an internationalist Socialist scheme from opponents on the Senate floor, grew out of proposals developed in 1944 and 1945 by an interdepartmental committee headed by a State Department official.

The official members of the committee from the Treasury Department included Harry Dexter White and Frank Coe, White's assistant.

Later, the Treasury Department records show Harold Glasser, Assistant Director of Monetary Research, was among the small group who aided in developing the proposals.

Harry Dexter White was flatly labeled a Soviet spy by Attorney General Brownell who insisted the FBI had repeatedly warned appropriate officials concerning White's espionage activities.

Coe was a member of a Communist cell in Government, according to the testimony of former spy queen Elizabeth Bentley.

The Russian-born Glasser was named by Miss Bentley as a member of the Red espionage ring, headed by Victor Perlo, operating in Government.

White, Coe, and Glasser had key roles in developing the plan for an international trade organization of the U. N. Coe headed the Treasury contingent with Glasser in the No. 2 spot. Glasser's alternate was Victor Perlo.

The whole reciprocal trade program and GATT, according to Senator GEORGE W. MALONE, Republican, of Nevada, was aimed "to cut the United States down and build other countries up, including Czechoslovakia and the Soviet Union.

"It was promoted by free traders, oneworlders and Soviet spies," MALONE charges.

MALONE revealed that the Senate Subcommittee on Minerals, Materials and Fuel Economics, which he heads, turned up letters and memorandum of Harry Dexter White. "This data," MALONE said, "exposed White's efforts to destroy the American mining industry, particularly as it related to strategic minerals, without which we could not fight a war or expand our peacetime economy."

MALONE maintained that with certain Iron Curtain nations members, the Communist bloc is in a position to get inside trade information on American industry.

GATT, although a twin of the international trade agreements legislation, has never been submitted to or approved by Congress, he pointed out.

The State Department maintains the complicated postwar problems of international trade are being solved through the reciprocal trade program and GATT.

MALONE insists that there has been no expansion, in general, of American agricultural products as the result of the program.

He cites reduced exports in cotton, tobacco, butter, rye, oats and other farm commodities.

He grants that wheat shows a slight export gain but attributes this to it being subsidized by the Government.

In the midst of the imminent hullabaloo from both sides of the aisle in the Senate this week over renewal of the reciprocal trade program, let us face one soft-pedaled fact:

Congress let go its inherent authority over tariff control and turned this power over to the State Department because it was glad to get rid of a hot potato—meaning the incessant pressures from constituents to protect this industry and that product.

The PRESIDENT pro tempore. The time of the Senator from Nevada has expired.

The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Nevada.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. JOHNSON of Texas. The Senator from Nevada has used his hour. Is the next hour subject to the control of the majority leader?

The PRESIDENT pro tempore. It is.

Mr. JOHNSON of Texas. I yield 1 minute to the Senator from Virginia [Mr. BYRD].

Mr. BYRD. Mr. President, I think the amendment offered by the Senator from Nevada should be defeated. It was rejected by the Finance Committee by an almost unanimous vote. In my opinion, it would be a great mistake to adopt the amendment.

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the distinguished Senator from Nevada [Mr. MALONE].

AMENDMENT CONFORMS TO CONSTITUTION OF UNITED STATES

Mr. MALONE. Mr. President, my amendment in the nature of a substitute—Calendar 242—now before this body conforms to the Constitution of the United States.

AMERICANS EQUAL ACCESS TO AMERICAN MARKETS

Under this amendment the Tariff Commission, an agent of Congress, would proceed to adjust the duties or tariffs on each product on the basis of fair and reasonable competition—giving the American workingmen and investors equal access to their own markets.

Mr. President, my amendments directs the Tariff Commission, as an agent of Congress in arriving at the proper duties or tariffs on a fair and reasonable competitive basis "to develop and promote a well balanced, integrated, and diversified production within the United States so as to maintain a sound and prosperous national economy and a high level of wages and employment in industry and agriculture" to consider:

First. Manipulation of the price of their money in terms of the dollar for trade advantage by a foreign country.

Second. Subsidies for exports of any character.

Third. Set quantitative limits—quotas.

Fourth. Consider the declared landed duty paid customs cost—and the offered-for-sale price.

Fifth. Decreases or increases in import duties designed to provide for fair and reasonable competition between foreign and domestic articles may be made by the Tariff Commission either upon its own motion, application of any person or group—a congressional committee or of the President.

However, full public hearings must be held and then may become effective within 90 days, provided that any order must be submitted to Congress and will then become effective if not disapproved in whole or in part by concurrent resolution of Congress within 60 days.

Mr. President, through the adoption of this amendment the regulation of the domestic economy and foreign trade will revert to the Congress of the United States in accordance with the Constitution of the United States—and the policy which we followed as a nation for nearly a century of time resulting in the highest standard of living in all of the history of the world.

And Mr. President, the workingmen and investors of this Nation will be back in business with equal access to their own American markets.

The PRESIDENT pro tempore. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Nevada [Mr. MALONE].

The amendment was rejected.

Mr. BEALL. Mr. President, I have an amendment at the desk which I ask to have read.

The PRESIDENT pro tempore. The amendment offered by the Senator from Maryland will be stated.

The LEGISLATIVE CLERK. On page 13, between lines 15 and 16, it is proposed to insert the following new section:

SEC. —. Section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364), is hereby amended by adding at the end thereof a new subsection (f) to read as follows:

"(f) Tariff Commission findings made pursuant to this section shall be final and conclusive as to the existence of, or threat of, serious injury to a domestic industry."

Mr. BEALL. Mr. President, the escape clause provisions of the trade-agreements law were intended by the Congress to provide a mechanism whereby domestic industry and labor would be protected from serious injury or threatened serious injury from increased imports into

the United States as a result, in whole or in part, of reductions in the tariff duties fixed by the Congress.

The manner in which this provision has been applied has largely nullified this congressional intention. Specific amendment of the law seems necessary in order to prevent further obstruction of the congressional will.

Of some 51 investigations completed by the Tariff Commission under the escape-clause provision of the present law, reports in 15 cases have gone to the White House for action by the President.

Of these 15 cases, the findings of the Commission of injury or threatened injury were unanimous in 7 cases. In 5 cases, a majority of the Commission reported injury or threatened injury, and in the remaining 3, the Commission divided equally, 3 to 3.

In only 5 of the 12 cases where the Commission unanimously or by majority vote found injury or threatened injury did the President act in accordance with the Commission's findings and recommendations.

In the remaining 7 cases, 3 of which were unanimous findings, the President refused to adopt and follow the Commission's findings and recommendations, basing his action on disagreement with the Commission's findings of fact or on factors which had not entered into the consideration and deliberation of the Commission.

In the 3 cases where the Commission divided equally in submitting its recommendations the President refused to make any increase in existing tariff duties. In each of these 3 cases, significantly, its original report was referred back to the Commission by the President for further investigation and report, an action which is believed to be not contemplated by the existing law.

Escape clause proceedings before the Tariff Commission are lengthy and involve exhaustive field investigations and public hearings at which all interested parties are given full opportunity to present all available facts in support of or against the claim of injury or threatened injury. Testimony is under oath, and full and complete cross-examination to test the verity and completeness thereof is permitted.

A domestic industry has no appeal from the findings of fact of the Tariff Commission and no further forum in which to pursue its case.

In practice, the President apparently has followed the opinions of his own advisers, but from statements issued by the President these rejections frequently have been based on evidence not presented in the proceedings before the Tariff Commission and which no interested party had any opportunity to rebut or otherwise explain, or perhaps on the basis of evidence produced by a foreign government or a foreign industry and channeled through the State Department outside of the public proceedings and beyond the public forum contemplated by the law.

A study of all of the cases in which the President has refused to adopt and follow findings and recommendations of the Tariff Commission establishes that in each instance he has conducted an inquiry separately and independently from that made by the Tariff Commission, that in the course of such inquiries no opportunity was given, at least to any domestic industry, to furnish additional evidence or rebut the evidence or interpretations of facts suggested by the Presidential advisers.

Such investigations and rejections of the Commission's findings completely nullify and negate the original intention of the Congress in prescribing criteria to govern escape-clause proceedings. The law does not seem to contemplate nor warrant this type of second guessing.

The Finance Committee has recommended an amendment to the statute which would authorize emergency action by the President on certification from the Director of Defense Mobilization in any case where an article is being imported in such quantities as to threaten or impair the national security. This amendment is laudable but seems to be a procedure entirely outside the escape-clause provisions and does not meet a situation here outlined arising from refusal by the President to adopt Tariff Commission findings of injury under such escape-clause cases.

If the Congress is firm and sincere in its intention that the power which it has delegated to make reductions in United States tariff duties shall not be permitted to seriously injure or threaten serious injury to any domestic industry, then no condition should be permitted to continue which would impair or nullify that intent. The amendment suggested will insure that the will of the Congress that serious injury or threatened serious injury shall not be permitted to result from reductions in tariff duties, will be given full force and effect.

I ask for a vote on my amendment.

Mr. JOHNSON of Texas. Mr. President, I yield to the distinguished senior Senator from Colorado such time as he may desire.

Mr. MILLIKIN. Mr. President, I am very much chagrined to have to oppose the amendment offered by the distinguished junior Senator from Maryland. The amendment would completely eliminate the President so far as his responsibility under the reciprocal trade system is concerned. That is what the amendment really would accomplish.

The administration is opposed to the amendment. I could not find any substantial sentiment in the committee to support an amendment of this kind. I wish to ask the distinguished Senator to withdraw his amendment.

Mr. BEALL. I dislike to go against my own leader in the committee. Therefore, in view of the fact that the chairman of the committee, the distinguished Senator from Virginia [Mr. BYRD], and the distinguished Senator from Colorado [Mr. MILLIKIN] have considered such an amendment, and I have now expressed my own opinion about it, I withdraw the amendment.

Mr. MILLIKIN. I thank the Senator from Maryland.

The PRESIDENT pro tempore. The Senator from Maryland withdraws his amendment.

The bill is open to further amendment.

Mr. JOHNSON of Texas. Mr. President, I agreed yesterday with the distinguished junior Senator from Wyoming to yield him 20 minutes on the bill. Would it be agreeable to the Senator to take that time now?

Mr. O'MAHONEY. I am willing to accommodate myself to the wishes of the majority leader. I understood that it was the intention of the Senator from Minnesota [Mr. HUMPHREY] to offer an amendment at this time. Will the Senator from Minnesota be present?

Mr. JOHNSON of Texas. Mr. President, several amendments are at the desk. I understand the Senator from Minnesota has an amendment he plans to call up. I also understand the Senator from Illinois [Mr. DOUGLAS] has 4 amendments he intends to call up. The Senator from Oregon [Mr. MORSE] has 2 amendments, and the Senator from Wyoming [Mr. O'MAHONEY] has 1 amendment.

I appreciate the cooperation of the Senator from Wyoming. Senators who have amendments pending should be notified that if they want to have their amendments considered, they should be present to call them up; otherwise, it will be necessary to proceed with the consideration of the bill.

I now yield to the distinguished Senator from Wyoming 20 minutes on the bill. I hope that in the meantime other Senators will find it possible to come to the Chamber, and, if they have sufficient interest in their amendments, that they will call them up.

Mr. O'MAHONEY. I am very grateful to the Senator from Texas for his consideration.

My auditors will note from the sound of my voice that my vocal cords are not in good order. I hope it will not be necessary for me to take all the time which has been allotted to me.

I shall present later in the day an amendment which will provide that no trade agreement negotiated by the President shall become effective until it has been submitted to both Houses of Congress and by them approved. It is my firm belief that we shall be surrendering the constitutional power of Congress if we do otherwise.

Much as I dislike to read speeches, I must do so today because of the condition of my voice. I have therefore tried to commit to writing some of the arguments which may be presented to Members of the Senate with respect to the vital need of preserving the constitutional power of Congress to write the laws imposing duties on imports, and regulating foreign and interstate commerce.

CONGRESS IS COMMITTING SUICIDE

Congress is committing suicide, though unwittingly, because it is delegating to the executive branch of the Government the power to represent the people of the whole Nation, the people of every State and of every community. The power is being delegated not to elective officers, but to officers who are appointed at the

pleasure of the President, and who conduct in secret their sessions dealing with the vital problem of international trade.

The public is deceived if it believes that the bill to extend the Trade Agreements Act is a measure to protect the national security or even to facilitate international trade. The voice is the voice of Jacob, but the hands are the hands of executive government.

Congress is slowly dealing away its powers as a popular legislative body at the very time when popular government throughout the world stands upon the very brink of destruction. The lawmakers of the people cannot continue to delegate their power, and at the same time imagine that they are preserving free government.

The Constitution left to us by the Founders was designed to establish a government of the people. The government we shall have, if the Reciprocal Trade Agreements Act is extended for another 3 years, will be in the pattern of totalitarian tyrannies, the very tyrannies we denounce in the persuasive tones of Jacob, while we are destroying the legislative powers of the only government on earth which can now preserve freedom for mankind.

THE GOVERNMENT IS BEING TRANSFORMED

Our form of government is being transformed before our eyes, and we shall not like it when it has been accomplished, because Senators and Representatives will have surrendered their constitutional power to shape the economic laws under which the citizens who elected them must live.

We are told that these trade agreements will be made by the President. That is merely a polite deception, if deception can ever be polite. The agreements will not be made by the President.

I say that with every emphasis I can command. In spite of the testimony of the Secretary of State, in spite of everything that has been said, these trade agreements will not be made by the President of the United States. They will not be made by any persons elected by the people of this country, nor by any person appointed by the President and confirmed by the Senate to discharge duties imposed upon them by law. These treaties—I call them treaties, because in truth they are treaties—will be made by anonymous experts drawn from eight departments and the Tariff Commission, under the leadership of the State Department, to shape in secret the trade policy of our people.

The decisions will not be made by management, by labor, or by the participants in trade and commerce, but by Government employees who vote in only seven States of the Union. Colorado, Maryland, Michigan, New Jersey, New York, Utah, and Virginia are the only States represented on the Trade Agreements Committee.

It took me considerable time to find out the names of the individuals who constitute the committee and who do the actual work in making trade agreements.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. The Senator knows I am under a time limitation.

Mr. MALONE. I shall take only a short time. I agree thoroughly with what the Senator is saying. Could the Senator imagine any elected representative of the people in the Senate or the House of Representatives trading one sector of the economy of America for a fancied foreign policy advantage?

Mr. O'MAHONEY. I cannot imagine such a thing; but I think it would be done under the bill.

Mr. MALONE. But it would not be done by the elected representatives of the people.

Mr. O'MAHONEY. I wish now to recite the names of the individuals who will do the work:

Carl D. Corse, Chairman; Chief of Trade Agreements and Trades Division, State Department.

Miss M. Margaret McCoy, secretary of the committee, State Department.

Gerald E. Tichenor, Deputy Assistant, Administration of Foreign Agricultural Services, Department of Agriculture.

Robert E. Simpson, Director, Office of Economic Affairs, Bureau of Foreign Commerce, Department of Commerce.

Prentice N. Dean, Associate Chief, Foreign Economic Defense Affairs Division, Office of Foreign Military Affairs, Office of the Secretary of Defense.

Miss Katharine Jacobson, trade and tariff liaison officer, Office of Trade, Investment and Monetary Affairs, Foreign Operations Administration.

Harry Shooshan, international activities assistant, Technical Review Staff, Office of the Secretary, Department of the Interior.

Philip Arnow, Associate Director, Office of International Labor Affairs, Department of Labor.

Edgar B. Brossard, Chairman, United States Tariff Commission.

George H. Willis, Director, Office of International Finance, Department of the Treasury.

Mr. President and Senators, these are the individuals, they and their substitutes, and not the President, to whom this power is being delegated. No one of them, so far as I have been able to discover, has ever faced the electorate of the States in which they claim their residence, but they, not the President, will make the agreements which will be known to foreign governments long before they are made known to Congress, which has the constitutional power to levy the duties and imposts with which these experts are to deal.

I do not challenge the ability, the integrity, or the honor of these experts, but I say they do not represent free government. They represent executive government. They do not represent the people. They are expert theorists who have never received any authority from the people of the United States except to such an extent as they may be civil-service appointees.

Mr. JOHNSTON of South Carolina. Mr. President——

Mr. O'MAHONEY. Does the Senator realize I am under a time limitation? However, I shall be glad to answer a question.

Mr. JOHNSTON of South Carolina. I gather from the Senator's remarks that he is saying we are delegating our authority to a group whom the people of the United States have no way of controlling at all.

Mr. O'MAHONEY. Absolutely. The Constitution of the United States provided that each State should have two Senators in this body. Why? So that they would be here watching what was going on, and protecting the interests of their own States and the national interest. Yet it is lightly proposed that we delegate this duty to others whom we do not know.

THIS IS NOT THE AMERICAN SYSTEM

Our Constitution was framed by men who wanted to deprive the King of the power to force through Parliament the laws by which they should be governed. The leaders of the American Revolution wanted a government in which the people should draw their own laws through a legislative assembly of their own choosing. They wanted a government in which these laws should be drawn in public and debated in public, but the Finance Committee of the Senate asks us to enact a statute by which we shall delegate to the President the power to redelegate the constitutional authority of Congress to experts operating behind closed doors.

This is not the American system of government. If we know a thing about what is happening in the world, we must be aware that popular government is being taken over by executive authority on every continent.

If we despise communism it is because it is a dictatorship and its laws are written behind closed doors. If we despise fascism, it is because that also is a dictatorship and the people have nothing to say about their government.

In Europe, in Asia, in Africa, in Latin America, and here in the United States, too, executive power is invading the prerogatives of the legislative body.

In 1937, When President Roosevelt sent to Congress a bill which I believed would allow the President to invade the jurisdiction of the Supreme Court, I did not hesitate to fight it. When the first trade-agreements bill was proposed in 1934, I did not hesitate to demand, as I demand now by my amendment, that the agreements should not become effective until approved by the Congress.

Let nobody think that the danger is slight. It is not. It is serious. It is more serious and more imminent than we realize. It is hanging over us.

HOW THE CHANGE BEGAN

It has been developing for more than 60 years. But, because this delegation of congressional power was first granted 21 years ago, and because the delegation of congessional power to fix railroad rates was first granted in 1887, we are face to face with a habit which inevitably will lead to the death of free legislative assemblies unless we stop it now.

We have created the Interstate Commerce Commission, the Federal Power Commission, the Communications Commission, Civil Aeronautics Board, and a score of other quasi-judicial and quasi-legislative bodies to which we have conveyed the detailed powers of Congress to deal with legislative matters. But we were always careful in these grants of power to prescribe the standards on the

basis of which such commissions would be compelled to act. We were careful to refrain from making a grant involving the determination of general policy. In this instance, however, we are granting the President of the United States discretion to frame the policy with respect to international trade without he knowledge of Congress, which alone has the right to speak for the people.

It is easy to see how this has come about. The Government has grown larger and larger because the problems confronting it have become more numerous, more intricate, and more worldwide in scope. National business has done away with old frontiers; and the legislative demands upon Congress have become so great that some of its powers had to be delegated under careful safeguards.

The Government has grown so great that everyone knows the responsibilities of enforcing the law are beyond the physical capacity of the Chief Executive and the time within which he has to work, namely, the 24-hour day which applies to everyone. So for 25 years the White House has been expanding, just as Government boards and commissions have been expanding. There are more anonymous legislators and executives behind the White House doors than any committee of Congress has even counted. Mr. President, a reading of the appropriation bills will disclose how the executive employees in the White House have grown in number. Many of them are discharging duties which the Congress assigned to other officials. For example, the President has in his Cabinet an Attorney General, who is at the head of the Department of Justice. In every department of the Government there are lawyers; their employment has been authorized by the Congress, and they are paid by appropriations made by the Congress. But the President also has in the White House his own personal counsel, to pass upon the problems which come to the President for decision. This personal counsel appointed by the President is not confirmed by the Senate. Yet he deals with the great, vital problems with which the country now is faced.

A few years ago, with the thought that it would be a measure of economy, we adopted Reorganization Plan No. 12 of the Hoover Commission, by which the chairmen of several boards and commissions were given the housekeeping authority of their legislative agencies. Now these chairmen have, in most cases, become the pipelines through which the White House—and by this I do not mean the President; I mean the anonymous aids and assistants by whom he has been surrounded—convey to the quasi-judicial and quasi-legislative agencies of Government the policies they are to follow in the judgment of cases and in the determination of rates and routes.

SECRECY SUPPORTS SPECIAL PRIVILEGE

Every lobbyist in Washington and every Senator and Representative in Congress knows that is the way the power of the White House is exercised to direct legislative policy in secret; and both branches of Congress are being stripped of the power vested in them by the Constitution.

Thus there has been created the method by which special privileges for the few, the big business organizations, are granted, to the detriment of equal rights for all. The members of the executive, the members of quasi-judicial bodies, the boards and commissions that rule our economic life, all have taken the oath to support and defend the Constitution. But so long as Congress continues to delegate away its powers under the Constitution, so long as it is willing to stand by while boards and commissions and presidential committees meet in secret session and perform the duties of Congress, so long must we be prepared to have a government of special privilege, not a Government of the people. Popular government is not free from error; but when popular government is conducted publicly, as conceived by the framers of the Constitution, special privilege has much smaller chance of gaining its greedy objectives. That is why the legislative power must be exercised in the light of public knowledge.

The PRESIDENT pro tempore. The time of the Senator from Wyoming on the bill has expired.

Mr. JOHNSON of Texas. Mr. President, I yield 1 additional minute to the distinguished Senator from Wyoming.

The PRESIDENT pro tempore. The Senator from Wyoming is recognized for 1 additional minute.

Mr. O'MAHONEY. I thank the Senator from Texas.

Mr. President, this country is being transformed into an executive government, and Congress blandly and calmly cuts its own throat, although every Member thereof has taken his oath to support a Constitution which provides in the simplest of simple words, in the first section of the first article, that "All legislative powers herein granted shall be vested in a Congress of the United States."

But, Mr. President, the legislative power of fixing duties and imposts is, by means of the pending bill and its predecessors, delegated away from the constitutional authority, and is vested in the Executive, at a time when all through the world dictatorial power in the executive is arising to destroy free government, such as the American system which we were sent here to represent and to defend.

The PRESIDENT pro tempore. The bill is open to further amendment.

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes on the bill to the distinguished junior Senator from Texas [Mr. DANIEL].

The PRESIDENT pro tempore. The junior Senator from Texas is recognized for 2 minutes on the bill.

Mr. DANIEL. Mr. President, on Monday of this week, the distinguished senior Senator from Colorado [Mr. MILLIKIN] was kind enough to answer several questions put to him by me. I appreciate his courtesy. However, I noticed that the RECORD, as printed, shows an answer to my last question which I did not understand to have been given, and which I do not believe the senior Senator from Colorado intended.

I should like to repeat the question, noting that the Senator from Colorado is on the floor.

The question is set forth on page 5299 of the CONGRESSIONAL RECORD of May 2, 1955; and I ask the Senator from Colorado to comment on it, after I repeat it. The question is this—and I now address it again to the senior Senator from Colorado:

> At least it is the intention of the Committee on Finance that this amendment—

We were talking about section 7 (b)—

> shall be used to protect us in the matter of oil imports and the importation of other commodities which are necessary to our national defense.

Mr. MILLIKIN. Mr. President, I am very sorry if my answer was not as clear and specific as it should have been, when we had our exchange the other day.

I wish to say that was the intention of the Senate Finance Committee. That was the purpose of writing the amendment and of adopting it in the committee.

Mr. DANIEL. I thank the Senator from Colorado.

Did the committee hear evidence to the effect that an increase of oil imports above the 1954 ratio between imports and domestic production would endanger the national security?

Mr. MILLIKIN. The committee heard such evidence.

Mr. DANIEL. Does the Senator from Colorado remember any evidence to the contrary?

Mr. MILLIKIN. I do not.

Mr. DANIEL. I thank the Senator from Colorado.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, certain excerpts from the committee report.

There being no objection, the excerpts from the report (No. 232, 84th Cong., 1st sess.) were ordered to be printed in the RECORD, as follows:

> The committee believes that this amendment will provide a means for assistance to the various national defense industries which would have been affected by the individual amendments presented.
>
> The White House issued on February 26, 1955, a report based on a study by the President's Advisory Committee on Energy Supplies and Resources Policy which indicates the importance of a strong domestic petroleum industry. That report states with regard to crude oil imports and residual fuel oil imports:
>
> "An expanding domestic oil industry, plus a healthy oil industry in friendly countries which help to supply the United States market, constitute basically important elements in the kind of industrial strength which contributes most to a strong national defense. Other energy industries, especially coal, must also maintain a level of operation which will make possible rapid expansion in output should that become necessary. In this complex picture both domestic production and imports have important parts to play; neither should be sacrificed to the other.
>
> "Since World War II importation of crude oil and residual fuel oil into the United States has increased substantially, with the result that today these oils supply a significant part of the United States market for fuels.
>
> "The committee believes that if the imports of crude and residual oils should exceed

significantly the respective proportions that these imports of oils bore to the production of domestic crude oil in 1954, the domestic fuels situation could be so impaired as to endanger the orderly industrial growth which assures the military and civilian supplies and reserves that are necessary to the national defense. There would be an inadequate incentive for exploration and the discovery of new sources of supply.

"In view of the foregoing, the committee concludes that in the interest of national defense imports should be kept in the balance recommended above. It is highly desirable that this be done by voluntary, individual action of those who are importing or those who become importers of crude or residual oil. The committee believes that every effort should be made and will be made to avoid the necessity of governmental intervention.

"The committee recommends, however, that if in the future the imports of crude oil and residual fuel oils exceed significantly the respective proportions that such imported oils bore to domestic production of crude oil in 1954, appropriate action should be taken.

"The committee recommends further that the desirable proportionate relationships between imports and domestic production be reviewed from time to time in the light of industrial expansion and changing economic and national-defense requirements.

"In arriving at these conclusions and recommendations, the committee has taken into consideration the importance to the economies of friendly countries of their oil exports to the United States as well as the importance to the United States of the accessibility of foreign oil supplies both in peace and war."

Although no similar study is presently available for fluorspar or lead and zinc the committee feels that the Director of Defense Mobilization will be cognizant of the serious situation existing in those industries.

Congress can initiate and adopt such legislation as it might deem advisable should the action needed to protect these essential industries not be taken.

Mr. DANIEL. Mr. President, I thank the Senator from Texas [Mr. JOHNSON], for yielding to me.

The PRESIDENT pro tempore. The bill is open to further amendment.

Mr. HUMPHREY. Mr. President, on March 30, I sent to the desk, to be printed and lie on the table, amendments intended to be proposed by me, on behalf of myself and the junior Senator from Massachusetts [Mr. KENNEDY], to the bill which now is pending. Those amendments are identified as "3-30-55-C." I do not ask to have the amendments read at this time, but I wish to have them identified, and I now call them up. The amendments were considered by the committee, but I wish to have them before the Senate at this time.

The PRESIDENT pro tempore. Without objection, the amendments will be printed at this point in the RECORD.

The amendments proposed by Mr. HUMPHREY, for himself and Mr. KENNEDY, are as follows:

After the enacting clause insert "Title I."

Page 1, line 3, strike out "That this" and insert "Section 1. This."

At the end of the bill insert the following new title:

"TITLE II

"SEC. 201. This title may be cited as the 'Trade Adjustment Act of 1955.'

"PURPOSE

"SEC. 202. (a) It is recognized that the maintenance of a sound domestic economy and healthy international relations requires that the United States engage in trade among the free nations of the world. Further, the Reciprocal Trade Agreements Act of 1934 reflects the congressional desire that the President be authorized to negotiate with the other countries of the world with a view to lowering trade barriers. The Congress has also recognized, in enacting the peril point and escape clause provisions of the Trade Agreements Extension Act of 1951, that there are situations in which the reduction of trade barriers, although redounding to the benefit of the Nation as a whole, may have serious adverse effects on particular domestic industries. These provisions provide mechanisms for determining at what point reductions in trade barriers, either in prospect or already accomplished, will have such adverse effects. They provide no method by which greater prosperity and security for the Nation as a whole can be secured by the reduction of trade barriers, while avoiding or ameliorating the economic losses which particular communities, industries, enterprises, and individuals may suffer in the adjustment of their productive activities which may be made necessary by such reduction. It is the purpose of this title to resolve this problem by providing assistance to communities, industries, enterprises, and individuals in the adjustment of their productive activity to the economic conditions created by the national trade policy. It is not the purpose of this title to provide a permanent subsidy, but rather to provide the means by which those affected by lowered trade barriers may be assisted in the period of their adjustment.

"(b) It is the intention of Congress that, in determining eligibility for the assistance provided for under this title, the title shall be construed liberally and that any doubt regarding eligibility shall be resolved in favor of the applicant.

"ESTABLISHMENT AND FUNCTIONS OF TRADE ADJUSTMENT BOARD

"SEC. 203. The President shall appoint a 5-member board to be known as the Trade Adjustment Board (hereinafter called the "Board"), 1 member of which he shall designate as Chairman. The members of the Board shall be appointed from among the officers and employees of the executive branch of the Government and shall serve without compensation in addition to that otherwise received as officers or employees in the executive branch of the Government, but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Board.

"SEC. 204. For the purposes of performing its duties, the Board is authorized to—

"(a) hold such hearings, to sit and act at such times and places, and to take such testimony, as the Board may deem advisable;

"(b) secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics needed to carry out the purposes of this section; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Board upon request made by the Chairman;

"(c) require by subpena or otherwise the attendance of witnesses and the production of books, papers, and documents; to administer oaths, to take testimony, to have printing and binding done; and to make such expenditures as it deems advisable within the amount appropriated therefor. Any member of the Board may administer oaths or affirmations to witnesses appearing before the Board. Subpenas shall be issued under the signature of the Chairman and shall be served by any person designated by him. The Board is authorized to exercise any of the powers conferred upon the Securities and Exchange Commission by subsection (c) of section 21 of the Securities and Exchange Act of 1934, and subsection (d) of such section shall be applicable to witnesses before the Board; and

"(d) establish such rules, regulations and procedures as may be appropriate to permit the Board to perform the functions prescribed in this title.

"SEC. 205. (a) Whenever the President, in accordance with the provisions of section 7 of the Trade Agreements Extension Act of 1951, as amended by section 212 of this title, shall determine to invoke the provisions of this title with reference to any article as to which a modification in the rate of duty or other import restriction, or any other concession, has been found either to threaten or to have caused serious injury to a domestic industry, he shall notify the Board of his decision.

"(b) After the notification by the President provided for above, the Board shall, upon application by any community, industrial development corporation, business enterprise, employee, or organization representing employees, determine whether the applicant is eligible, or represents persons eligible, to receive the benefits provided for in this title. If the Board shall determine that any community, industrial development corporation, business enterprise, employee, or organization representing employees is eligible for the benefits provided for in this title, or represents persons so eligible, it shall issue a certificate describing the community, industrial development corporation, business enterprise, or employees found eligible which shall conclusively establish for a period of 18 months or such shorter period as the Board may determine that the described persons are eligible for the benefits provided for in this title. Such certificates shall state the period for which they are valid and shall automatically expire at the end of such period. Upon application, the Board shall have authority to renew any certificates of eligibility for successive periods of 18 months, or less, upon a showing that such renewal is necessary to accomplish the purposes of this title. The Board shall also have authority on its own motion, or upon the motion of any interested person, to cancel any such certificate of eligibility if it finds the continued existence of such certificate is not necessary to accomplish the purposes of this title.

"(c) The following may be determined by the Board to be eligible for the benefits provided for in this title:

"(1) Any business enterprise engaged in the production of an article identical to or directly competitive with an article with reference to which this title shall have been invoked.

"(2) Any unemployed individual whose last regular employment shall have been in a business enterprise which is eligible or may be determined to be eligible for the benefits provided for by this title.

"(3) Any community a substantial number of the residents of which are individuals who are eligible or may be determined to be eligible for the benefits provided for by this title.

"(4) Any industrial development corporation organized for the purpose of aiding the development of a more balanced and diversified economy or diversification of production in a community which is eligible or may be determined to be eligible for the benefits provided for in this title.

"In determining whether a particular business enterprise is eligible for the benefits provided for in this title, the Board shall consider what portion of the total production of such enterprise consists of the production of an article identical to or directly competitive with the article with reference to which this title shall have been invoked. In deter-

mining whether any such enterprise or any community or industrial development corporation is eligible for such benefits the Board shall also consider whether such enterprise, community, or industrial development corporation has developed satisfactory proposals for programs of economic adjustment consonant with the purposes of this title.

"(d) As used in this title—

"(1) The term 'industrial development corporation' includes any body organized and operated by private citizens for the purpose of aiding the development of a more balanced and diversified economy or diversification of production in a community through industrial development, the training or retraining of employees, or through any other means.

"(2) The term 'employee' includes an unemployed individual whose last regular employment shall have been in a business enterprise which is eligible or may be determined to be eligible for the benefits provided for in this title.

"ADJUSTMENT BENEFITS

"SEC. 206. Information and Advice: Any business enterprise found to be eligible by the Board for assistance under this title may apply to appropriate departments and agencies of the Government for technical information, market research, or any other form of information and advice which might be of assistance in the development of more efficient methods of production and in the development of new lines of production. Similarly, any community or industrial development corporation found eligible for assistance under this title may apply to appropriate departments and agencies of the Government for such information and advice as will enable it to develop a more balanced and diversified economy.

"SEC. 207. Loans: Section 207 of the Small Business Act of 1953 is amended—

"(a) by striking out the word 'and' at the end of subsection (d);

"(b) by striking out the period at the end of subsection (e) and inserting in lieu thereof a colon and the word 'and'; and

"(c) by adding at the end thereof a new subsection as follows:

"'(f) to make such loans as the administration may determine to be necessary or appropriate to business enterprises and communities, either in their corporate capacity or as represented through industrial development corporations or similar agencies, for the adjustment by such business enterprises and communities to economic conditions resulting from the trade policy of the United States: *Provided, however,* That no such loans shall be made by the administration to any business enterprise or community unless the Trade Adjustment Board, as established under the provisions of the Trade Adjustment Act of 1955, shall have certified to the administration that such business enterprise or community is eligible for benefits under the Trade Adjustment Act of 1954: *And provided further,* That the requirements of paragraphs (1) of subsection (a) of this section shall be applicable to the loans authorized to be made under this subsection.'

"SEC. 208. Unemployment compensation: (a) (1) The Secretary of Labor (hereinafter referred to as the 'Secretary') shall on behalf of the United States enter into an agreement with any State in which an enterprise or community, with respect to which a certificate of eligibility has been issued under this title, is located, under which the State, as agent of the United States, will make supplementary payments of compensation to unemployed individuals in the State as provided for in this section, and will otherwise cooperate with the Secretary and with other State agencies in making payments of compensation under this section.

"(2) Supplementary payments of unemployment compensation under this section shall be made only to individuals within the class of individuals determined by the Board under section 205 of this title to be eligible to receive the benefits provided for in this title.

"(3) If the amount of unemployment compensation payable to an individual under the law of the State in which he is eligible to receive unemployment compensation is less than 66⅔ percent of his average weekly wage, as determined under such law, then the amount of supplementary payment of unemployment compensation to an individual under this section for a week of total unemployment shall be an amount equal to the amount by which 66⅔ percent of such average weekly wage exceeds the amount paid to the individual under the unemployment compensation law of the State (including payments made by reason of dependents).

"(4) In any case where an unemployed individual receiving supplementary compensation under this section is no longer entitled to payment of compensation under the unemployment compensation laws of the State solely by reason of the expiration of the period for which such compensation is payable under such laws, there shall be paid to such individual, out of amounts paid to such State by the United States for such purpose and without cost to such State, compensation in an amount equal to the rate of State unemployment compensation and any supplementary compensation under this section which he was receiving immediately prior to the time he was no longer entitled to receive such rate. In order to remain eligible for compensation under this paragraph, an individual must comply with the provisions of State law with respect to ability and availability for work, and with respect to the acceptance of offers of suitable work, and failure to so comply shall result in immediate cessation of payment under this paragraph. The total period during which an unemployed individual may receive benefits under this section shall not exceed 52 weeks.

"(5) The amount of the Federal supplementary payment of unemployment compensation to an individual for a week of partial unemployment shall be the amount necessary to provide such individual with a weekly benefit equal to the aggregate he would have received under paragraph (3) of this subsection for a week of total unemployment, less his earnings for such week in excess of the partial earnings allowance, if any, permitted by the unemployment compensation law of the State.

"(6) Any agreement under this section shall provide that compensation otherwise payable to any individual under the State's unemployment compensation law will not be denied or reduced for any week by reason of any payment made pursuant to such agreement. No agreement under this section for payment of compensation by a State agency shall be valid if compensation payable to any individual under the law of such State is less than it would have been under such law as it existed on January 1, 1955.

"(b) Whenever the Board, either upon application of an interested party or upon its own motion, determines that unemployment among individuals found by the Board to be eligible to receive the benefits provided for in this title is no longer attributable to the trade policy of the United States, no further payments shall be made under this section to such individuals with respect to weeks of unemployment occurring after the date of such determination by the Board, or occurring during any period for which there is not in effect a certification under section 205 describing such individuals.

"(c) Each State shall be entitled to be paid by the United States an amount equal to the additional cost to the State of payments of compensation made under and in accordance with an agreement under this section which would not have been incurred by the State but for the agreement.

"(d) In making payments pursuant to this section, there shall be paid to the State, either in advance or by way of reimbursement, as may be determined by the Secretary, such sum as the Secretary estimates the State will be entitled to receive under this section for each calendar month, reduced or increased, as the case may be, by any sum by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made upon the basis of such statistical sampling, or other method, as may be agreed upon by the Secretary and the State agency.

"(e) The Secretary shall from time to time certify to the Secretary of the Treasury for payments to each State sums payable to such State under this section. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment to the State in accordance with such certification, from the funds available for carrying out the purposes of this title.

"(f) All money paid to a State under this section shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned, at the time specified in the agreement under this section, to the Treasury and credited to current applicable appropriations, funds, or accounts from which payments to States under this section may be made.

"(g) An agreement under this section may require any officer or employee of the State certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in its performance, to give a surety bond to the United States in such amount as the Secretary may deem necessary, and may provide for the payment of the cost of such bond from funds available for carrying out the purposes of this section.

"(h) No person designated by the Secretary, or designated pursuant to an agreement under this section, as a certifying officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to the payment of any compensation certified by him under this section.

"(i) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this section if it was based upon a voucher signed by a certifying officer designated as provided by this section.

"(j) For the purpose of payments made to a State under title III of the Social Security Act, administration by the State agency of such State pursuant to an agreement under this title shall be deemed to be a part of the administration of the State unemployment compensation law.

"(k) The agency administering the unemployment compensation law of any State shall furnish to the Secretary such information as the Secretary may find necessary or appropriate in carrying out the provisions of this title, and such information shall be deemed reports required by the Secretary for the purposes of paragraph (6) of subsection (a) of section 303 of the Social Security Act.

"(l) Whoever makes a false statement or representation of a material fact knowing it to be false, or knowingly fails to disclose a material fact, to obtain or increase for himself or for any other individual any payment authorized to be paid under this section or under an agreement thereunder shall be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

"(m) The Secretary is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this section. The Secretary shall insofar as practicable consult with representatives of

the State unemployment compensation agencies before prescribing any rules or regulations which may affect the performance by such agencies of functions pursuant to agreement under this section.

"SEC. 209. Training and transportation. (a) The Secretary shall—

"(1) prescribe and provide suitable training for unemployed individuals eligible for the benefits of this title who are in need of retraining, reemployment, vocational education, or vocational rehabilitation;

"(2) utilize and extend all existing Federal governmental facilities, and utilize the facilities of any other governmental agency maintained by joint Federal and State contributions, to carry out the purposes of this section; and

"(3) by agreement or contract with public or private institutions or establishments, provide for such additional training facilities as may be necessary to accomplish the purposes of this section.

"(b) The Secretary shall have the power and the duty to cooperate with existing Federal, State, and local agencies and officials in charge of existing programs relating to retraining, reemployment, vocational education, and vocational rehabilitation for the purpose of coordinating his activities with those of such Federal, State, and local agencies.

"(c) Whenever the Secretary shall determine that (1) no job opportunity for an unemployed individual found eligible for the benefits of this title exists within his own current labor-market area, (2) a job opportunity for such individual equivalent to his former employment is available at a place in the United States outside of his current labor-market area, (3) such individual agrees to take the job opportunity outside of his labor-market area, and (4) the acceptance of such employment would be in the best interest of the United States, then the Secretary is authorized to make available to such individual at Government expense, facilities for the movement of such individual, his dependents and his household effects to a location designated by such individual and approved by the Secretary, by using Government or commercial means of transportation.

SEC. 210. Retirement. (a) Whenever the Secretary shall determine that any individual, 60 years or older, included within a certificate of eligibility issued by the Board is unemployed as a result of the national trade policy of the United States and is unable to find employment because of his advanced age, the Secretary shall issue a certificate containing such a finding.

"(b) Section 216 (a) of the Social Security Act is hereby amended to read as follows:

"'RETIREMENT AGE

"'(a) (1) Except as provided in paragraph (2), the term "retirement age" means age 65.

"'(2) In the case of an individual who is certified by the Secretary of Labor as unemployed by reason of the trade policy of the United States and unable to find employment because of advanced age, the term "retirement age" means age 60.'

"(c) The amendment made by this section shall take effect with respect to payments made for months beginning more than 1 month after the date this title is enacted.

"SEC. 211. Accelerated amortization: (a) Section 168 (e) (1) of the Internal Revenue Code of 1954 is hereby amended by adding after the words 'necessary in the interest of national defense during the emergency period', the words 'or necessary for the development of new or different lines of production by an eligible business enterprise or of a more balanced economy in an eligible community'; and by adding after the words 'attributable to defense purposes' the words 'or the national trade policy of the United States, as the case may be.'

"(b) Section 168 (d) of the Internal Revenue Code of 1954 is hereby amended by adding the following:

"'(3) Eligible business enterprise, community: As used in this section the terms "eligible business enterprise" and "eligible community" refer to business enterprises or communities holding certificates of eligibility under the Trade Adjustment Act of 1954.'

"SEC. 212. Section 7 (c) of the Trade Agreements Extension Act of 1951 is amended to read as follows:

"'(c) Upon receipt of the Tariff Commission's report of its investigation and hearings, the President may (1) make such adjustments in the rates of duty, impose such quotas, or make such other modifications as are found and reported by the Commission to be necessary to prevent or remedy serious injury to the respective domestic industry, or (2) notify the Trade Adjustment Board, created under the provisions of the Trade Adjustment Act of 1955, that he has invoked the provisions of the Trade Adjustment Act of 1955 with respect to such industry. If the President does not take either of such actions within 60 days, he shall immediately submit a report to the Committee on Ways and Means of the House and to the Committee on Finance of the Senate stating why he has not made such adjustments or modifications, imposed such quotas, or invoked the provisions of the Trade Adjustment Act of 1955.'"

Mr. HUMPHREY. Mr. President, I rise to discuss my amendment and to discuss H. R. 1 as reported by the committee. This is one of the most important pieces of legislation we will consider in this session. What we do here will affect the future course of events as surely as anything that happens in the Formosa Strait or in Indochina. What we have not done here for 2 years now has already had serious consequences for us in world affairs.

I recall the President's saying to us slightly more than a year ago, "That precious intangible, the initiative, is becoming ours." Yet, in this vital area of foreign policy, in our foreign economic policy, the initiative has not been ours. We have been immobilized. We have slumbered while the Communists have negotiated trade agreements.

In 1953 we were told to wait for the report of the President's Commission so we would know how to proceed in these matters. We waited. We voted reluctantly for a mere 1-year extension of the Reciprocal Trade Agreements Act, and took rueful note of the pledge of the Secretary of State that no new agreements would be negotiated under it. He was faithful to that pledge. The authority granted the President under that act lay unused—no agreements were negotiated.

Last year we got the report of the Randall Commission. It did not ask much. It was not all that some of us had hoped for. It merely shored up the defenses against those who would tear down our foreign trade policy completely.

But, again, we were asked to wait. The opposition of some of the President's own party was too much. He agreed to put off till another year the proposals of his Commission. Some of us, supposedly in the opposition, tried to save the President's program for him, but when he capitulated we had to go along and settle for another 1-year extension.

Again nothing happened. No action was taken under the Reciprocal Trade Agreements Act. The world's leading trade power had no trade policy. But what were the Communists doing during those 2 years? Did they say, in all good sportsmanship, "We appreciate the delicate sensibilities of your domestic policies. We will hold up a bit and give you a chance to catch your breath"? No, Mr. President; we may have a team on this side, but the Communists are not playing our game. They went ahead—they opened up full force with their trade offensive. As the Senator from Tennessee [Mr. GORE] pointed out in his excellent speech last week, in the first year of our hibernation the Russians concluded agreements with 15 of our allies and the Communist Chinese with 13. Last year, in the second year of our hibernation, the countries in the Soviet sphere made 30 new trade agreements with nations of the free world.

We have had a good sleep. We should be thoroughly refreshed. What we forgot, in looking for Communists under the bed, was that they are out in the world market, negotiating trade agreements. In trade, that precious intangible, the initiative has become theirs.

I know I am talking about trade policy now as if it were an integral part of our foreign policy. I have heard high-tariff advocates complain, "Why must you confuse these things—why can you not keep economics and foreign policy separate?" I wish we could. It would make everything much simpler. But wishing will not make it so. The Communists have stepped up their use of trade as a weapon in their offensive against us. In considering foreign economic policy, we must take into account the world situation. Foreign economic policy is an integral part of our foreign policy.

Our people and the people of the world eagerly look for relaxation of tensions in the struggle between democracy and communism. Experts tell us that the relaxation and the negotiations leading up to that relaxation may soon be upon us, but, Mr. President, I ask the question, Are we prepared to make full use of the opportunity which the pending negotiations may very well give us?

Those who welcome a respite in the cold and hot war do so in the hope of gaining time. Everywhere people yearn for time—but time to do what? Will we use the time wisely? Time is important only if it is used and used properly. If we waste the time by relaxing, sitting back, and forgetting the stakes and forgetting about the real struggle between the free world and the slave world, then we shall be forfeiting our responsibility to ourselves and to our ideals.

If, however, we recognize the time as a God-given blessing, an opportunity to strengthen ourselves and our allies, then time can help us. There is no more important area of activity that we can engage in in an effort to use the time

wisely than the area of international trade activity. This is why:

The Communists have always looked for trade wars within the free world; they have always viewed the free world as an economic unit which they should attempt at all costs to divide. This point of view dates from the period of the Russian revolution, when communism acquired a basis of power in the world.

It had its beginning in Lenin's "Imperialism," written shortly before the revolution. In that work Lenin set forth the view that capitalism had reached the stage of monopoly and finance capitalism. In this stage, he said, domestic markets become saturated, and giant trusts seek to divide world markets among themselves. He predicted that the great capitalist powers would inevitably quarrel over world markets, and that wars would inevitably follow. Communists have thus looked upon both World Wars as capitalist wars and as wars which further break down the system of free enterprise, weaken the free part of the world, and prepare the way for world communism.

Stalin himself has always followed this theory. He wrote that "the free world was one entire capitalist system, the various nations of which are interdependent." Capitalism, for Stalin, existed on a world scale, and this thinking conditioned all his strategy.

In the light of this background, it is not so difficult to understand the recent Communist peace offensive. In April of 1952 the Communists held their much-publicized International Economic Conference in Moscow. At this conference they made every effort to bid for trade with the Western World, and to wean away from the Western World those nations which had cast their economic and trading lot with the United States.

In October of 1952, the Russian Communist Party held its 19th party congress. It was for this congress that Stalin himself produced his first major theoretical work in several years—a work which hinted broadly at a coming change in Soviet foreign policy.

Stalin made two main points. The first was that war between communism and capitalism was not inevitable—immediately, at least. Communism could still look for competition for markets between the capitalist nations, and for the trade wars and shooting wars which follow this competition, according to the Marxist theory. Stalin also stated that the economic war waged by the West upon the Iron Curtain countries had in fact brought the Communist world closer together, and, he said, expanded their economies.

Stalin's second point followed from the first—Soviet foreign policy, he said, should seek to aggravate the economic differences of the Western World in order to split off certain areas from it. The areas which Stalin mentioned specifically were Western Europe and Japan. Soviet foreign policy, he said, should seek to isolate the United States from its allies. This policy has been rigidly adhered to—with, I regret to say, some success.

It is clear, Mr. President, that the Soviets look upon economic warfare as one of the prime weapons in their arsenal to be used fully during the period of negotiations and apparent relaxation.

Mr. President, we need a program to counter this economic warfare. Our reciprocal trade program is our weapon against the Communist world. But I suggest that we take this program out of the museum and put it into the market place. I suggest that we take it out from under the bushel and reveal it to the world. We have talked reciprocal trade, we have passed bills about reciprocal trade, but we have always had to compromise any measure designed to effectively promote a broadening of the trade program.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. Does the Senator from Minnesota believe that the pending bill in its present form, with all the weakening amendments which have been attached, is an effective and adequate reciprocal trade bill?

Mr. HUMPHREY. I shall direct myself to some of the amendments of the bill. I feel that we could have had a real economic secret weapon, so to speak, which would have had devastating power in terms of an economic offensive in this world. I am afraid that we have reduced its potency and in many ways weakened its effectiveness by some of the amendments which have been attached to the bill.

Mr. DOUGLAS. Is it not true that it is now practically worthless, with the exception, possibly, of the 50-percent reduction which may be made in duties on goods coming from Japan?

Mr. HUMPHREY. I say to the Senator from Illinois that it is not the kind of bill I had hoped the Senate would pass.

Mr. DOUGLAS. What has become of the proud, new, bold program designed to expand foreign trade—the program about which the administration has been talking?

Mr. HUMPHREY. The Senator from Illinois knows that the administration is great on words and slightly reluctant on performance. The publicity is excellent, but the follow-through is not as firm and direct as the dramatics which are used to describe it.

Mr. President, we need a program to counter the economic warfare that is going on. The lesson of Soviet economic policy for the West is that the problems of free enterprise are truly international—that our security and survival depend upon our working out solutions for these problems together with the other nations of the free world.

Mr. President, it has always amazed me that some of those who are the strongest advocates of free enterprise at home are at times the weakest advocates of an international policy which will fortify and strengthen free enterprise throughout the free nations of the world. It requires a kind of international understanding which, I regret to say, is all but lacking in some quarters.

One way in which we can strengthen free enterprise is through a more liberal trade policy. If we close our doors to trade, the nations of Western Europe may have to turn to the east for markets, food, and raw materials. If we close our doors to trade, the nations of Asia—in whom we have invested millions in foreign aid, and on whom we depend for strength on the borders of communism—may have to turn to their Soviet neighbor for trade, and they will then be swallowed up.

Let us further remember that those nations which have to depend upon trade with the Soviet will have to conduct much of their trade through their governments. Eventually this means government controls, and eventually government ownership. How better could the Soviet subvert free enterprise? And how can we better make free enterprise thrive than to open our doors to trade?

Free enterprise, from the days of Adam Smith, has always been international. The United States, as the leading business nation of the world, and as the political leader of the free world, should recognize the fact.

During this period of the Soviet peace offensive our foreign trade policy is an absolutely vital aspect of our entire security program. I ask that it be treated as such, and not as an adjunct or as a sort of addendum to the security program of this Nation. The trade policy of our country is as vital to its security as is its military policy or diplomatic policy. It is impossible to separate them. They need to be so regarded. An adequate foreign trade policy and adequate provision for our military defense should be the twin arms of our foreign policy. This is so because the two main arms of Soviet policy are economic warfare, and vast military expansion. We must counter the Soviet at these points.

If we had had as much dedication to a sound international economic policy as we have had to military preparedness, I am sure we would have made greater progress in our struggle against the totalitarian powers. We must counter the Soviets at all points.

It was a source of great regret to me that when the Randall Commission did bring in its report, economic policy was viewed by the Commission as something unique and separate from the rest of our foreign policy. There was no attempt in the report to assess our major objectives in the cold war, and then to look at our foreign economic policy in the light of those objectives.

Let us consider just one of the most grave and urgent of these problems, which lies at the juncture of our foreign policy and our trade policy. Japan has already been mentioned here. The junior Senator from Tennessee discussed our trade relations with Japan with great insight in his speech of last week, which I commend to the Senate.

I think we can all agree on both the gravity and the urgency of the Japanese trade situation. Japan must still import 20 to 25 percent of the food her people consume.

Here, if I may, I should like to quote from an article Mr. John D. Rockefeller, 3d, wrote for Foreign Affairs of last July. Mr. Rockefeller, Senators will remember, served with the Dulles mission to Japan

and as an advisor on the Japanese Peace Treaty. He wrote:

The Japanese economy today is in difficulties, and they are increasing. While there are many encouraging elements in the situation, a continuation of present trends cannot go on indefinitely without serious consequences. Thus time is a real factor in the situation.

Mr. Rockefeller continued:

Japan's foreign trade is the lifeblood of her economy. Her economic viability depends upon her being able to export a sufficient volume of goods and services to provide the foreign exchange needed to buy essential imports. To accomplish this she must both increase the volume of her exports and attempt to balance her trade within each of the several currency areas. Since Japan is one of the most important buyers of the world, it is not unreasonable to suggest that if the Japanese market is to continue and grow, those who trade with Japan must buy substantially from her as well as sell heavily to her.

Mr. Rockefeller states that Japan's immediate problem entails an increase of $1 billion of exports a year. This is not to mention what the future problem will be as the Japanese population increases and at the same time the Japanese seek to raise their standard of living.

I am not suggesting that Japan's trade problem is solely ours or that we alone can take action to alleviate it. The other leading trade nations of the world must cooperate in reducing trade barriers and in promoting trade throughout the free world. Otherwise, the pressures to trade with the Communists will be more than Japan can withstand.

Mr. President, it is rather regretful that we have not given due consideration to the very obvious fact that the Japanese people are already negotiating with the Soviet Union and with the Chinese Reds an elaborate trade program. Once that is consummated, if it should be culminated by a successful agreement, it will make our relationships with Japan that much more difficult. It has always amazed me how we can become so greatly concerned with small and limited problems, and so little concerned with such an important problem as our relationships with Japan.

I wish to emphasize the fact that our relationships with Japan are not only political; they are essentially economic. The Japanese people cannot live alone on their islands. They must trade. They will trade, Mr. President. The question is, With whom will they trade?

Let us make no mistake about it, no amount of pious statements from our leadership in America or from our friends and allies can solve the difficult economic problems which face the more than 80 million people of Japan. They will either trade with the free nations and with the nations of the world that are yet underdeveloped, or they will trade with the Iron Curtain countries.

Once they trade with those nations, the political pattern will be established. It seems to me that we ought to emphasize that fact much more than we are doing at the present time.

I am afraid we are frittering away our whole security policy by our lack of willingness to act decisively and affirmatively, or by our lack of real interest in what is going on in the economies of the so-called friendly nations with whom we have associated ourselves, and to whom we have granted billions of dollars in aid.

Is it not interesting that in the instance of Japan we have poured into that country billions of dollars of American taxpayers' money, and yet, once having done that, we fail to recognize that we must either continue that kind of charity, gift, and grant, or work out for ourselves and with other nations of the world a trade policy which will permit the Japanese people to live, to eat, and to grow? I warn the Senate that a nation such as Japan does not die quietly, and it will not do so peacefully. It will make every effort to live, and if the door of economic opportunity is closed to Japan by us, she will seek another door. That door will be into the great areas of the Soviet and the Communist satellite states. Once that door is opened, Mr. President, then not only will commerce go on between those countries, but political relationships will come about, and we shall find ourselves in the years to come with terrible problems menacing our security.

I cannot overemphasize the importance of that. I regret that there seems to be a lack of statesmanship which focuses attention upon these complex problems. The answer is not the H-bomb. That will not solve anything. It will only dissolve humanity.

If we are going to have to do the hard thinking and the hard planning, we should be forwarding an effective trade policy, as the Senator from Illinois has justly pointed out, not a policy that is even now watered down, weakened, and circumscribed to such a point that we may very well have lost the impact which is necessary to do the job.

I might add here, Mr. President, that it is encouraging, in this regard, to note that the Japanese are seeking to meet this problem with our assistance by a program to expand trade in free Asia. It was announced on Saturday they would propose such a program at the conference of free Asian nations opening in Simla, India on May 9. According to the New York Times the Japanese plan would use a portion of the United States regional aid fund to improve the facilities by which each country of the region can produce materials that the other nations of free Asia want to buy.

This is an encouraging note. But only this morning I heard on the CBS World News Round-up a report from Tokyo. A Chinese Communist trade delegation has been in Japan arranging increased trade with Japanese businessmen. The reporter pointed out that only our ban on trade in strategic goods prevents an all-out expansion of trade with Communist China. There is every indication in that direction.

The days of massive economic aid are over. But our expenditures for military assistance to other countries still give those countries the dollars they need to trade with us. The dollar gap is still there; we are still transfusing the needed dollars into the patient. But as the military aid tapers off—as we intend it to—then the dollar gap will be out in the open again for all to see.

And let us not forget that when the other countries of the free world do not have the dollars to buy from us, they are not the only ones who suffer. Our industries suffer too. We export more than we import. If we do not lower our tariffs so that other countries can sell to us, how will they be able to buy from us?

We need a stable, long-term program that will let the other countries of the world know they can count on our foreign-trade policy, that will encourage them to try to build up trade with us and at the same time liberalize their own trade laws to stimulate free world trade.

As I indicated last year, I do not think that the proposals of the President's Commission on Foreign Economic Policy provided such a program. Among other proposals, the Commission recommended that the President's previous authority to cut tariffs to 50 percent of their 1945 level be replaced by authority to reduce tariffs progressively by 15 percent over a 3-year period. It is this recommendation that has been embodied in the bill before us, H. R. 1.

In proposing this, the Commission actually took a backward step, for there were still many articles on which the Presidential authority to reduce tariffs by 50 percent of the 1945 level had not been used. Also, a 15-percent cut in tariffs over a 3-year period is not much of a cut anyway. For one thing, if agreements are not negotiated during the first year of the act, then there will only be a 10-percent range left to negotiate. And it may well take more than a year to negotiate new tariff agreements.

For another thing, while 15 percent sounds like a lot, it is really not much. Under this provision a 20-percent tariff could be lowered to 17 percent. What a concession. While one of the purposes of our trade policy is to free the channels of world trade by using the negotiating power of our large, domestic market to bring this about, this provision gives us no negotiating power at all.

Finally, the Commission recommended merely a 3-year extension of the Reciprocal Trade Agreements Act. It did not say whether there was any reason to believe that this would encourage foreign producers to trade with the United States. Selling in the American market often requires a large investment in advertising, in retooling, and redesigning. It seems doubtful—combined with the hazards of peril point and the escape clause—that foreign exporters will be willing to make that investment when the Trade Agreements Act is to come up again for renewal in 3 years.

So, there are the proposals of the President's Commission that serve as a basis of H. R. 1. As I have indicated, last year I found them disappointing, and I have not mellowed a great deal in my feeling for them in the year past. But they are something, anyway. They are more than we had to vote for last year or the year before. I am anxious to vote for them. Though it is a moderate program,

it is better than nothing. But I wish to point out the contrast between the program and the statements which the administration makes.

The American people have been led by the President, the Secretary of State, and others, to believe that we are entering upon a bold, progressive, broad, comprehensive world-trade program. The truth is that that is merely propaganda; it is only talk. The program itself is indeed modest, and it is indeed anything but bold and forward looking.

Mr. LONG. Mr. President, will the Senator from Minnesota yield for a question?

Mr. HUMPHREY. I yield.

Mr. LONG. I wonder if the Senator will agree with me that one of the difficulties in our program is that certain industries bear almost all the competition from foreign sources while other industries bear none.

Mr. HUMPHREY. The Senator is eminently correct, and in a moment or two I shall come to that point. There is a national trade policy involved which we consider necessary for our national security. But sometimes the burden falls upon a limited number of individuals, firms, or industries. I feel that there must be something done to ameliorate those circumstances.

Mr. LONG. In the case of some industries, foreign imports amount to as much as 50 percent of the domestic market. In the case of some other industries there are no importations of foreign products whatever. There are more than 600 articles which do not come into the United States at all. We should at least provide a quota, perhaps 5 or 10 percent in order that such foreign articles may come into the American market to compete with domestic articles. That would help to keep American industry on its toes in competing with foreign products. Otherwise the 600 articles which are not being imported will probably not be imported in the future, either. The Senator knows that the provision, which was in the bill which would permit a 50 percent reduction in tariff duties on such articles has been eliminated.

Mr. HUMPHREY. That is more of a token expression than a realistic program. When an article is not even imported, to provide for a reduction in the tariff on it is at best psychological and not economic.

Mr. LONG. It would be more practical and would make better sense to provide that if an article is not being imported at all, perhaps a quota may be provided, a certain percentage, without any tariff whatever.

Mr. HUMPHREY. That would stimulate competition.

Mr. LONG. That would spread the burden of foreign trade, rather than to have a few industries take the whole brunt.

Mr. HUMPHREY. I wish to thank the Senator from Louisiana for the contribution he had made to the discussion.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. LEHMAN. I wish to congratulate the distinguished Senator from Minnesota upon his very fine and convincing analysis of the situation. I assure him that I am thoroughly in sympathy and agreement with his thesis that our foreign trade must be developed. I strongly support the amendment offered by the junior Senator from Minnesota and the junior Senator from Massachusetts [Mr. KENNEDY] and I hope that the Senator from Minnesota will allocate to me about 3 minutes in order to express my views.

Mr. HUMPHREY. I shall do so.

Mr. LEHMAN. I believe that if we protect certain industries which are individually badly hurt, we will further the entire principle of world trade.

Mr. HUMPHREY. I thank the Senator from New York. In a moment I shall discuss the amendment in detail, because I feel that the amendment, which was really conceived by our colleague, the distinguished junior Senator from Massachusetts, and by Representative WILLIAMS, of New Jersey, is a basic, long-term answer to some of the difficulties we face. I was privileged to be invited to be a cosponsor of the amendment this year because of the illness of the junior Senator from Massachusetts. I was actually the main sponsor, but in his behalf.

Mr. President, I said this was a moderate program, but it is better than nothing. I am ready to support it. In fact, I am more anxious to vote for the pending bill than I was for the bill last year, but I am afraid some of its virtue has disappeared already.

Let us look at the trade policy which the President recommended, or supposedly recommended.

First of all, the escape clause has been compounded to further discourage international trade. It is done in three parts: first, an amendment that ends the 60 days of silence after the Tariff Commission has made its recommendations except under the escape clause to the President. Under the amendment, the findings and recommendations will be made public and published immediately. We all know what this means in terms of the pressure that will be brought on the President in making his decision. I would not get exercised over this addition by itself, but let us consider the other two amendments.

I should like to read the amendment, as the wording presents something of a problem:

> Increased imports, either actual or relative shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry.

The wording is somewhat vague, but that is not unusual when the object is to disguise something. This undoubtedly was purposely made vague. But we have here, I believe, to be fixed into law, the so-called share-the-market doctrine.

The Commission need only find that "increased imports have contributed materially to the serious injury or the threat of serious injury" to an industry. This means that a domestic product could be increasing its sales, but if an imported product were increasing its sales at a faster rate, the escape clause could be invoked. The industry would not even have to be really injured. In fact, it could do quite well.

If it is thriving, how can it be injured? The import only needs to "contribute materially to threaten serious injury"—that is, be in successful competition with the domestic product.

Let me read what President Truman had to say about this doctrine. He wrote to the chairmen of the Ways and Means Committee and the Finance Committee in 1952, explaining why he had turned down a recommendation of the Tariff Commission. President Truman said:

> Because of the dangerous precedent which would be involved in accepting this share doctrine as the determinant of serious injury, I should like to emphasize its far-reaching implications. Serious injury, by any definition, means a loss to someone. Declining production, lower employment, lower wages, lower returns, or losses in capital invested—any of these things might indicate some degree of injury. But the share doctrine goes much further. In fact, it finds that serious injury exists when the domestic industry fails to gain something it never had, even though the industry may be prospering by all the customary standards of levels of production, profits, wages, and employment.

That was the President of the United States speaking to Congress, pointing out the dangers which are implicit in the very amendment now incorporated in the bill.

So, here we are being asked to amend the escape clause to protect robust, healthy industry that has suffered no real injury—when the industry has failed to gain something it never had. Should this be the intent of our tariff policy? Will this encourage trade in the spirit of the Trade Agreements Act we have under consideration? I think not.

But that is not all, Mr. President. There is one more amendment yet to go. This third change in the escape clause instructs the Commission to distinguish between different operations of any business to determine injury. That is, if a business is flourishing in a number of different products, but one single item is threatened by competition from an import, then invoke the escape clause. Here again, we are not concerned with fledgling industry struggling to get its footing established. We are protecting an enterprise with a number of vigorous, fast-selling products, but one item that may not be doing quite so well as a competitor from abroad. Here we have a case where the enterprise could well afford to improve its product or adjust its operation slightly, but we are asked to write into the law protection on an item-by-item basis. Think, also, what this will mean to the Tariff Commission. What a tremendous burden. Such a commodity provision opens the door for petitions to the Tariff Commission on all sorts of individual products. The Commission no longer will be concerned with investigating to determine injury to an entire industry. It must under the bill make its determination on individual commodities.

It should also be pointed out, that this itemization of the escape clause will have another undesirable effect. It will freeze the industry involved in production of a noncompetitive product. Once the business has applied for tariff concessions or had them granted, it will continue to produce the same product without attempting to improve it. The healthy effects of competition will be lost. There will be no attempt at improving a product so protected.

I would suggest that we have here, Mr. President, in these three amendments, modifications of the escape clause that could ultimately destroy the reciprocal trade agreements program. In fact, they raise serious questions about our continued good faith in regard to the trade agreements to which we have already agreed.

Let us not overlook the psychological effects of such measures. We must not forget that the other nations of the world will take what we do here as indicating our future course in world trade.

Our trade agreements program from 1934 to 1947 led the way toward liberalizing world trade. If we now weaken our program we sound the alarm bell that we may be reversing our direction entirely. Other nations will respond out of fear, and we may see a breaking down of the liberal trade community which has been building up so laboriously since 1934.

It is not my purpose this afternoon to discuss all the committee amendments, but I wish to comment on the amendment that was reached as a compromise—the Byrd-Millikin compromise. This amendment gives the President authority to place import quotas on any articles that threaten to impair the national security.

National security is something we are all in favor of, and I am sure we will all support this amendment. In fact, I am so much in favor of national security that I would like to see the amendment extended to insure national security even more. The provision as it stands would place a quota on any import that threatens to impair national security. This protects us against an overabundance of imports.

But there is another danger to national security—a scarcity of some imports. The report of the Commission on the Nation's natural resources alerted us to these shortages of strategic materials. I suggest we might extend this excellent amendment to encourage the import of these scarce items. In fact, I have had such an amendment printed, and at the conclusion of these remarks I shall call for a vote on it. I suggest that we vote for the needs of the tariff program, the real economic needs.

Is it not logical to state that whenever the Director of the Office of Defense Mobilization finds a strategic material in short supply in the United States, he could so advise the President? The President would then be authorized to lower or suspend the tariff on the scarce commodity so that the national security would not be threatened.

I am not insensitive to the problems of domestic industry and American workers. I am well aware of the motivations that lie behind various amendments for import quotas and higher tariffs on specific commodities. They are entirely honorable motivations. We should be concerned about those industries or communities that are suffering cutbacks in production or localized depression. There will be differences of opinion as to whether these problems are always brought about directly by tariff concessions. But the problems are there. Even if they are not always directly attributable to tariff cuts and imports, they are sometimes thought to be; and what people think to be the truth has a very controlling influence on their decisions. This is a political fact that many of us have to live with. We cannot ignore the pleas of a stricken industry or community for tariff protection, whether the injury from imports is real or merely imagined.

I ask those of my colleagues who are present in the Chamber to listen to me while I discuss the proposal to take into consideration the real needs of industries, communities, business, and labor, which are affected, or at least feel they are affected, by a reduced tariff policy.

At the same time, we have a larger responsibility. We must consider the overall national security. This means, as I have suggested, thinking of the foreign policy consequences of our foreign trade policy. It means also thinking of all those other industries and individuals in our country whose prosperity depends on exports. They can be hurt as much by increasing tariffs and a lessening of world trade as others might be by lowering of tariffs. And we are told that the number involved in our export trade is larger than those affected by imports. So we have a responsibility here, too.

This is a thorny dilemma. It has been debated here, in one form or another, for many years. The arguments are always pretty much the same, and the sides are drawn just as rigidly between the "free-traders" and "the protectionists."

Sometimes we get the feeling, in listening to this debate, that it has all been said before, and we are doomed to hear it all said again, over and over, ad infinitum. Only the voices change; the arguments remain the same. In substance there is great merit to that conclusion, because we are considering an economic policy with which many people have disagreed for generations. Therefore, we are bound to hear the same arguments.

The dilemma persists, for most of us are torn between our responsibility in world affairs, and our genuine concern for those industries and communities adversely affected by our trade policy.

Make no mistake about it, some communities and industries will be adversely affected. I think we have to be honest about this matter. The question is, Who is to pay the price? Are individual industries to pay a disproportionate price for a broad national policy, or are we to try to spread over the entire Nation the cost of such a policy, which is vital to our national security? Is there not something we can do? Why do we stand here and say nothing can be done, or write language into the bill which will mean all things to all people, and generally will mean something to a clever attorney who knows how to press a point, and split an infinitive, and split a law?

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. Is it not true that the Bell Commission advocated compensation for industries and labor adversely affected by reductions in tariffs?

Mr. HUMPHREY. I believe that is correct. I believe the Commission made a specific recommendation along that line.

Mr. DOUGLAS. But that recommendation was rejected by the Randall Commission, the only member voting in favor of it being Mr. David McDonald, head of the United Steelworkers of America.

Mr. HUMPHREY. The Senator is correct. The Randall Commission rejected the very salutory and what I thought was the very sensible proposal of the Bell Commission. It is to that recommendation that attention is called in the Kennedy-Humphrey bill which I have proposed as an amendment to the pending bill.

Can we not in some way solve this ancient dilemma and find a third way? A way that recognizes our responsibility for leadership in world trade and yet is not without conscience for those persons and businesses who bear the injuries of our lowered tariff policies?

Is it fair for us to ask those few, who are injured in some way, to bear the burden of our world trade responsibilities? Is this not a responsibility for us all to share?

I think that these questions can all be answered, Mr. President. I think we can now see the way to solving that ancient dilemma.

If our foreign trade policy requires that some industries and some communities suffer the competition of increased imports, then that injury should be shared by all. And by sharing it, we can minimize the damage and privation that any one segment of our economy might suffer.

I am speaking of the trade adjustments program, Mr. President, represented by the amendment I have called up. In its idea lies the long-term solution of our trade and tariff dilemma.

It was introduced in the last session, but too late for any action. The Senator from Massachusetts [Mr. KENNEDY] and Representative HARRISON WILLIAMS introduced a bill which embodied features of an adjustment program that had been suggested in the report of the Randall Commission by Mr. David McDonald, and, as the Senator from Illinois [Mr. DOUGLAS] pointed out, by the Bell Commission, which preceded the Randall Commission.

This proposed legislation has been introduced again in this session by the Senator from Massachusetts [Mr. KENNEDY] and myself in the Senate and by Representatives WILLIAMS and EBERHARTER in the House. I have submitted it both as a Trade Adjustment Act, known as Senate bill 751, and also as amendments to H. R. 1. Let us consider what this proposal will do and how it can solve

our dilemma between encouraging free world trade and protecting our own people and industries.

The trade adjustment program would provide assistance to communities, industries, enterprises, and individuals in adjusting to the economic conditions brought about by our trade policy. This is not a subsidy; it is not permanent assistance to enable industries or communities to hobble along. It is assistance to help them over a difficult period of readjustment. My colleagues will see that in the nature of the assistance, it helps industries, and individuals, and communities to help themselves find new solutions to their economic difficulties.

This would be done through the escape clause of the Reciprocal Trade Agreements Act. This is how it would work. When the Tariff Commission recommends to the President that an industry has been injured by tariff concessions, presently he can raise the tariff, impose trade quotas, or take no action at all. Under our amendment, if the President took no action at all he could then notify the Board set up under this act.

The Board would then determine whether the benefits applying under my amendment, or the Trade Adjustment Act, which I proposed as a separate bill, should be extended to any community, business enterprise, industrial development corporation, individual employee, or organization representing employees. These benefits would be limited to a period of 18 months or less unless renewed, after further inquiry and further decision on the part of the President and the Trade Adjustment Board.

What would these benefits be? In what way would this assistance work to help industries and communities to help themselves? Broadly speaking, this assistance would be extended to businesses, to help them develop more efficient methods of production or new lines of production. It would be extended to community or industrial development corporations to assist them in bringing new industry to their area, or developing new production or industry to bring about a more balanced and diversified economy. It would go out to individuals who found themselves unemployed and either needed retraining to enable them to seek new employment or needed assistance in moving to another community where their skills could be employed.

What would be the nature of this assistance? I have spoken about it in rather broad terms. It would include information and advice to industry or community development corporations. Easier tax provisions for building new plants would be allowed and new industries would be encouraged to move to eligible communities. Loans would be extended to eligible businesses under the Small Business Act.

For individual workers who were displaced because of a free-trade policy which may have taken their jobs away, there would be an extension of unemployment compensation, and retraining and assistance in moving to new communities already mentioned. There would also be benefits for those unable to find employment because of advanced age, and I may say this is a very serious matter, Mr. President. If an industry should be compelled to slow down its operations or to close because of an adjustment in a tariff which permitted an increase in imports to the detriment of the industry, we should remember that in that industry there will be employees 61, 62, 63, or 64 years of age, who may find it difficult to obtain jobs in other areas. For those unable, because of their advanced age, to find employment, the retirement age for social-security benefits would be moved up to 60.

Mr. President, the provisions of our amendments are extremely moderate. I recognize that in an area of this sort, one must move with caution and conservatism.

The purpose of the amendments is to find a new approach to the difficulties which arise because of a broadened foreign trade policy which the Nation needs. Certainly the Nation needs it, even though some individuals may be penalized because of it.

Mr. President, as I have said, this suggestion is not intended as a final, perfected mechanism; it is not the last word. But there is something more than the germ of an idea here. This is a proposal worthy of support and acceptance. It is not a partisan proposal, for it should appeal to the free-trade advocate and protectionist alike—to those who feel the need to lower our tariff barriers, in order to encourage world trade, and those who are concerned that lower tariffs will injure industry here at home.

Those who want lower tariffs should welcome this proposal, for they do not want our domestic industry injured. And those who are concerned about some particular industry or community, should find in this program a way to assist individual enterprise suffering depression, while still promoting the overall national interest by increasing free-world trade.

This readjustment-assistance idea recognizes the great source of magic in American enterprise, namely, our ability to meet changing conditions and to adapt our productive and individual capacities, so as to regain strength and grow with new vigor. We have seen this adaptability in action during war, when our industry made a changeover far greater than anything which would be called for in a program such as this one. We see it every day, in the constant change and adaption our businesses display in meeting competition or accepting the changes of new products or new technological improvement.

There is no doubt that we can use this great adaptability of American industry to meet this problem of injury from imports. The need for such assistance is clear when we recognize that our responsibility to these industries and communities arises out of our national trade policy.

Here is a constructive solution to the old dilemma.

Mr. President, it will do the Members of this body no good to close their eyes to the economic realities and the difficulties which will arise when we adopt a trade policy. There will be some casualties and some difficulties, temporarily. I repeat that they will be temporary. What we need in this case is a mechanism, namely, the friendly, helping hand of the Government which makes the trade policy. The Government should help those who need help to adjust themselves to the policy.

The proposal we make is that the help will be given, not by gift, but by counsel, advice, long-term loans, reasonable rates of interest, and tax concessions to industries which are dislocated, just as during the recent war the Government gave tax concessions or adjustments to industries which were disrupted as a result of the war.

I repeat that the Senate will be derelict in the performance of its responsibility to thousands and thousands of persons in the Nation and to hundreds of American institutions if it does not take into consideration the full impact of a world-trade policy, along the lines which are being discussed here. I hope we shall see it within our wisdom and our sense of good judgment to try to establish, somewhere in the Government, an office or agency or area of interest which will work with those who have had to pay a disproportionate share of the cost for a much-needed trade policy in our fight against Communist aggression throughout the world.

Mr. President, I commend these amendments to the attention of the Senate. I realize that the amendments were brought up in the committee, and that the committee did not accept them. But, Mr. President, that does not mean that the amendments do not have merit. It simply means that too much attention is being expended upon individual commodities, individual items, and individual industries. Certainly, Mr. President, if we begin to amend a tariff law on that basis, there will be no end to it; the old logrolling will be back in full force, and there will be no sawmill big enough to handle the volume of that business.

Mr. DOUGLAS. Mr. President, will the Senator from Minnesota yield?

The PRESIDING OFFICER (Mr. ERVIN in the chair). Does the Senator from Minnesota yield to the Senator from Illinois?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. The Senator from Minnesota is very generous minded; but, even so, did it ever occur to him that the reason why some persons, at least, oppose the proposal to provide compensation to industries which are injured by reductions in tariffs is that if there were such a provision, one of the potent arguments against reducing tariffs would be removed; and they do not want to be deprived of that argument.

Mr. HUMPHREY. I wish to say to the Senator from Illinois that I appreciate his considering me to be a charitable person, but I am not so charitable or foolish as not to know that what he has said is the truth. Of course, if this tariff-adjustments feature were adopted as an amendment to the pending bill or if it were written into an entirely new law, it would do a great deal to remove the basis of the argument of those who always are opposed to a freer trade policy, because in that case we would be doing what many a State already has done.

Let me point out that many States have established assistance agencies to help dislocated industries in their particular areas. So this proposal is nothing new. What we now propose was done extensively in World War II; the Federal Government did it, for there was a realization that it was vital to the national security that such persons or institutions be given help, so they would not be casualties on the economic front.

But now we come to a foreign-trade policy; and the easy answer is to write broad legislation, with one or two amendments to take care of only certain persons. However, I wish to know what the bill contains to take care of the many persons who could not be heard and the thousands of workers who would be temporarily displaced. I am not so much concerned about a person who has sufficient financial resources to tide him over for 2 or 3 years, but I am concerned about the individual or businessman who may find the loss of a year's business or employment literally devastating to his financial position or his occupation.

Mr. President, here is not merely the alternative of raising tariffs and hurting trade, or lowering tariffs and hurting some industry. This program would offer the President a positive alternative to the present sterile possibilities of the escape clause. Here is a proposal which will give us the benefits of increased trade and the continued vigor of all our industries and every segment of our economy. I commend it to the Senate, for the careful attention of its Members.

Mr. President, I conclude by urging that we consider the Trade Adjustment Act as a means whereby we can bring forth, in this session, a Reciprocal Trade Agreements Act, strengthened, not weakened, and worthy of our position of leadership in the free world.

Mr. President, it is my feeling that a nation which is dedicated to the doctrine of private property and to the institutions of free enterprise and the economic philosophy of competition, all of it filled with the democratic feeling of compassion and fair play and justice, would do well, as it legislates in this vital area of foreign trade, to take into consideration the impact of national policy upon individuals, and also to take into consideration the importance of a sensible national policy in the international arena. Mr. President, we can do both. We can have good international policy and foreign trade, and also decent and human national policy in terms of American industry and workers if we will it and if we are willing to settle down to the job of doing it. I regret exceedingly that the committee, in its wisdom, did not see the necessity of adopting such a program.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

Mr. JOHNSON of Texas. Mr. President, I yield to the distinguished Senator from New York [Mr. LEHMAN], 3 minutes on the bill.

Mr. LEHMAN. Mr. President, I desire to speak in favor of the amendment offered by the junior Senator from Minnesota [Mr. HUMPHREY]. I shall, of course, support House bill 1, and will oppose all crippling amendments.

However, for many weeks I have been exposed, as has every other Member of this body, to the pleas and arguments of certain industries and individuals claiming to have been injured by this Nation's reciprocal trade agreements program. I have listened to their statements attentively and with much concern.

Having sat as a member of the Subcommittee on Unemployment since March, I have been able, independently, to determine the actual effect of foreign competition on certain industries in the American economy.

While I could not do this job exhaustively because of the incomplete nature of the available statistics and the lack of time, I have been able to come to the conclusion that some few industries in this country have suffered as a result of foreign competition. I might add, however, that the list of these particular industries is considerably smaller than the opponents of the reciprocal trade program have led us to believe.

Mr. President, I have long been motivated in my attitude toward political and economic problems by the principle of equality of sacrifice. This principle is not being served when men and women are being thrown out of work, and when communities in certain instances are rendered economic ghost-towns—all through no fault of either the individual or the community, but as a result of a national policy.

These individuals, these communities, these industries, which are proven victims of a trade program that most Americans support as of great value to our Nation and to the free world—have a right to expect the assistance of the Federal Government, to supplement State and local aid, in adjusting to their economic problems. We must do everything possible to provide assistance.

To refuse to provide such assistance to them would, in the end, undermine our liberal trade program. To ignore the genuine needs of some of our citizens for economic aid is morally wrong and economically unwise.

The relief provided in the Humphrey-Kennedy amendment should be, at one and the same time, effective to cope with the problem of adjustment, and specific enough to employ recognized Federal functions to assist those individuals, communities, and industries adversely affected by a reduction of trade barriers. It seems to me that this proposal is one of the most important that has been made for the purpose of safeguarding the real interests of all the American people in expanded trade.

Legislation to be of enduring value must take into consideration, not only the interests of the majority benefited by it, but also the problems of the minority which may be adversely affected. By adopting this amendment as a part of the reciprocal-trade-agreements program and then approving the bill as amended, Congress will be serving both purposes ably and well.

Mr. JOHNSON of Texas. Mr. President, I yield 2 minutes to the Senator from Colorado [Mr. MILLIKIN] in opposition to the amendment.

Mr. MILLIKIN. Mr. President, the precise amendment offered by the distinguished Senator from Minnesota [Mr. HUMPHREY] was before the Commission headed by Mr. Randall. That Commission consisted of 5 Senators, 5 Members of the House, and 5 Presidental appointees from among the citizenship at large.

After very thorough consideration had been given to the amendment, the vote against it was 14 to 1. No one was for it except the man who proposed it. It was considered impracticable. If put into operation it would involve the multiplication of government bureaus and the creation of new machinery. It would involve placing Federal agents in every community of the United States. It was considered that the harm would greatly outweigh the good.

I hope the amendment will be decisively defeated.

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the Senator from Virginia [Mr. BYRD].

Mr. BYRD. Mr. President, this amendment was considered by the Committee on Finance and rejected by an overwhelming majority. I do not consider the amendment necessary at this time. There already exist various laws which provide for the retraining and relocation of workers and assistance to industries. Those laws could be used. Further experience in the use of the existing devices is essential before a judgment can be made as to whether something additional is needed. Before the proposal made in this amendments could be supported further study would be essential.

Mr. HUMPHREY. Mr. President, will the Senator yield to me?

Mr. BYRD. I yield.

Mr. HUMPHREY. I wonder if the distinguished chairman of the Finance Committee has given consideration to the question of hearings upon this particular amendment, which, as the Senator knows, I submitted also in the form of a bill, for the purpose of separate consideration. Is the Senator at liberty to give any expression as to whether or not his intentions are along the lines I have indicated?

Mr. BYRD. The amendment proposed by the Senator was fully considered by the Committee on Finance, as the Senator knows. It was also considered by the Randall Commission, of which the Senator from Virginia happens to be a member.

Mr. HUMPHREY. It was also considered by the Bell Commission, and recommended favorably.

Mr. BYRD. That is true. The Randall Commission rejected it almost unanimously, and the Senate Committee on Finance rejected it by a considerable majority. I do not recall what the vote was. It was rejected by a voice vote.

Mr. HUMPHREY. Mr. President, will the Senator further yield?

Mr. BYRD. I yield.

Mr. HUMPHREY. My point was whether or not, at a later date, within the means and the time of the Senate Committee on Finance, the distinguished chairman might see fit to hold hearings upon the proposal which I have intro-

duced in the form of a bill. Does the Senator care to indicate whether or not a staff study should be made and hearings held in order that we might at least look into the merits of the proposal, rather than merely to say that it is not needed?

I point out most respectfully that the Bell Commission was one of the most eminent commissions ever appointed by the Government. The Randall Commission was equally eminent. Those Commissions disagreed as to the merits of the proposal. Therefore, I suggest to my colleagues that it merits thoughtful consideration by the responsible committee, rather than consideration in connection with an overall tariff bill, when insufficient time is available for proper consideration.

Mr. BYRD. If the Senator introduces proposed legislation on the subject, it will receive full consideration by the Committee on Finance.

Mr. JOHNSON of Texas. Mr. President, has the Senator from Minnesota [Mr. HUMPHREY] exhausted his time on the amendment?

The PRESIDING OFFICER. The Senator from Minnesota has exhausted his time.

Mr. JOHNSON of Texas. I yield back the remaining time, and ask for a vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY].

Mr. DOUGLAS. Mr. President, I believe that on such an important question as this there should be a yea-and-nay vote. While I understand that certain commitments have been made, in good faith, not to have a yea-and-nay vote, and while Senators who made the commitments are honoring them implicitly, inasmuch as I was not a party to any such agreement, I do not regard myself as being bound by it.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Fulbright	Millikin
Allott	George	Monroney
Anderson	Goldwater	Morse
Barkley	Gore	Mundt
Barrett	Green	Murray
Beall	Hayden	Neely
Bender	Hickenlooper	Neuberger
Bennett	Hill	O'Mahoney
Bible	Holland	Pastore
Bricker	Hruska	Payne
Bridges	Humphrey	Potter
Bush	Ives	Purtell
Butler	Jackson	Robertson
Byrd	Jenner	Russell
Capehart	Johnson, Tex.	Saltonstall
Carlson	Johnston, S. C.	Schoeppel
Case, N. J.	Kefauver	Scott
Case, S. Dak.	Kerr	Smathers
Clements	Kilgore	Smith, Maine
Cotton	Knowland	Smith, N. J.
Curtis	Kuchel	Sparkman
Daniel	Langer	Stennis
Dirksen	Lehman	Symington
Douglas	Long	Thurmond
Duff	Magnuson	Thye
Dworshak	Malone	Watkins
Eastland	Martin, Iowa	Welker
Ellender	Martin, Pa.	Wiley
Ervin	McCarthy	Williams
Flanders	McClellan	Young
Frear	McNamara	

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], and the Senator from Montana [Mr. MANSFIELD] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent by leave of the Senate because of illness.

The PRESIDING OFFICER. A quorum is present.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Will the Chair identify the amendment which is before the Senate?

The PRESIDING OFFICER. It is identified as 3-30-55-C, offered by the Senator from Minnesota for himself and the Senator from Massachusetts [Mr. KENNEDY] as a substitute.

Mr. HUMPHREY. Mr. President, did I correctly understand the Chair to say it is a substitute?

The PRESIDING OFFICER. It adds a new title to the bill.

Mr. HUMPHREY. But it is not a substitute for the provision of the bill.

The PRESIDING OFFICER. The Senator is correct.

Mr. HUMPHREY. It is an amendment to the bill.

The PRESIDING OFFICER. That is correct.

Mr. DOUGLAS. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota [Mr. HUMPHREY] on behalf of himself and the junior Senator from Massachusetts [Mr. KENNEDY].

The amendment was rejected.

Mr. WILEY. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a statement I have prepared relative to the bill to extend the Trade Agreements Act.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILEY

I am pleased to state that I shall vote for the pending bill, H. R. 1, to extend the reciprocal trade agreements program.

In my judgment the bill has been written in such a fashion that it can achieve its various goals at home and abroad without harm to the basic objectives of our country.

There are some who feel that last-minute compromises which are being written into the bill, nullify it. I, for one, respectfully disagree. I feel that the amendments which will go to conference will go a long way toward achieving these goals: (a) Notifying the free world that the United States does not propose to return to the days of economic isolation; (b) notifying the people of our own country that we have followed a rule of right reason to afford them protection in those individual instances where a flood of foreign imports, produced at very low wages, could do considerable harm to domestic manufacture, agriculture, and employment.

Down through the years I have always favored the reciprocal trade agreements program in principle. I believe that trade is, and must remain, a two-way street. Nations abroad cannot buy from us unless they sell to us. The cause of world peace and prosperity cannot be served if each nation builds little Chinese walls against the other.

At the same time, I observe certain limitations in the reciprocal trade-agreements program. It is not a panacea. It cannot be waved like a magic wand over our domestic and foreign problems. Inequities can result. They result from many causes:

1. In the first instance the United States, with but rare exceptions, has been far more faithful in observing the principle of reciprocity than certain other countries.

2. We have held to the letter and spirit of our agreements, but other lands have imposed all sorts of restrictions on United States imports. They have done this through devious devices such as limiting the availability of foreign exchange, imposing quotas, setting nuisance regulations, and the like.

Reciprocity must be a two-way street, but often it has been more honored in the breach than in the observance.

3. Then, in certain instances, there has been genuine harm inflicted on certain industries. The United States motorcycle industry has practically been wrecked by foreign imports. United States dairying, which at times has witnessed tremendous surpluses in our land, has also found this amazing paradox. At the very time when we were trying to increase farm income by reasonable parity support, foreign farm products have rushed into our country at lower than our own farm parity support.

Now, I should like to say just a word about my own State.

Wisconsin has traditionally been approximately one-half industrial and one-half agricultural in its production, although in recent years the balance has tipped heavily in favor of industry.

There are a great many companies in Wisconsin which depend crucially on the export trade. Wisconsin products, notably Wisconsin machinery, can be found in the far corners of the earth. It is high-grade, quality product, produced by skilled workmen.

So, too, Wisconsin agricultural products, notably nonfat dry milk solids, have been shipped in tremendous amounts abroad.

On the other hand, numerous manufactured products and dairy items have put Wisconsin producers at a severe disadvantage at times.

In these instances I have taken up this problem with the Tariff Commission, with the State Department, and with the White House. I have had to appeal on several instances for the invocation of the escape clause and peril point procedures. I have not always felt that the provisions which we wrote into the law were faithfully executed as Congress intended them. I have felt that they could bear strengthening, but not, I must say, at the price of destroying the reciprocal trade agreements program as a whole.

What I am basically advocating, therefore, is that the rule of reason prevail. I am advocating that the individual circumstances of the various industries be weighed carefully.

I do not hold with those who dogmatically assert that what we must do is wipe out tariffs. Actually, we need tariffs in a great many instances. And actually, too, the United States is a low tariff country. We have been more sinned against than sinner, insofar as tariff restrictions are concerned.

At the same time, I would oppose those who want to build the gates too high or to wipe out the President's ability to negotiate reasonable tariff agreements.

I feel my responsibility particularly keenly, because as senior minority member of the Senate Foreign Relations Committee I know what we do and say on the trade issue, speaks far more eloquently to innumerable countries than our words and deeds on a great many other subjects. The eyes of the world are upon us.

I do not want the world to say of us that we turned our backs on them economically.

But neither do I want the world to say of us that we were so foolish as to believe that our own citizens could be ignored. The American market is the greatest in the world. It belongs primarily to American producers. But that does not mean that fair, reasonable foreign competition is not welcome.

Actually, to my way of thinking, in spite of all the complaints of foreign sources about our tariffs, they can compete with us if they will modernize their own industry and if they will develop their own markets abroad. There is too much yearning exclusively for the "green pastures" in this country. There is too much of a tendency to ignore the fact that Europe, for example, is hobbled with cartels. It is hobbled with restrictive practices, with high-cost, low-production, high-priced manufacturers in highly protected markets. If Europe repaired its own shortcomings, if Europe increased trade among the Western European nations themselves, it would be far better off, than it would be by simply directing its fire and criticism at the American Government and the American tariffs.

This, then, is my sentiment. I shall vote for the bill, and I shall vote for it in good conscience and in consistency with the record which I have compiled here in the Senate in serving my State and Nation since January 1939.

The following are some illustrations of the deep concern felt among many communities of my State regarding the specific impact of particular foreign porducts. These represent the grassroots of Wisconsin, and they are entitled to be heeded.

These are Americans speaking for American plants, American businesses, and American jobs. They will not be ignored by me, and I trust they will not be ignored by the Congress. They are entitled to our most earnest and sympathetic attention.

MARINETTE & MENOMINEE TRADES & LABOR COUNCIL,
Marinette, Wis., February 4, 1955.

Senator ALEXANDER WILEY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: The central labor body and its affiliates are very much opposed to the legislation pertaining to further tariff cuts.

Our jobs in the glove industry as well as the whole textile industry of the United States are in danger if further tariff cuts are permitted.

We would appreciate your support in opposing any legislation pertaining to tariff cuts and ask your help so that such authority to grant further tariff cuts be withheld from the President.

Sincerely yours,

JOSEPH LEBOUTON,
Chairman, Legislative Committee,
M. & M. Trades & Labor Council.

ZWICKER KNITTING MILLS,
Appleton, Wis., April 5, 1955.

Hon. ALEXANDER WILEY,
Senator, United States Senate Building,
Washington, D. C.

DEAR SENATOR WILEY: Senators BRIDGES and PASTORE have introduced an amendment to H. R. 1 which will strengthen the escape clause provision and safeguard defense industries.

You know how important this is to so many of us in Appleton. We believe that this amendment will allow us to operate at a break-even level, at least, and will also provide a market for importers.

Our aim at Zwicker Knitting Mills has not been to capture an entire market for ourselves. When we appeared before the Tariff Commission, we asked for two-thirds of the market with the other one-third being open to imports. We do object to a law which allows low-wage countries to capture an entire industry without recourse.

Please give this your fullest consideration. We need your help.

Sincerely,

ROBERT W. ZWICKER.

MARINETTE CHAMBER OF COMMERCE,
Marinette, Wis., February 7, 1955.

Recommendations approved by the board of directors of the Marinette, Wis., Chamber of Commerce, February 5, 1955:

"Whereas the Marinette, Wis., Chamber of Commerce agrees in principle with President Eisenhower's views on foreign trade, we urge the President and the Congress to establish tariffs specifically protective to the glove and textile industries of the United States.

"If the 84th Congress abolishes tariffs favorable to the glove and textile industries, there will be a serious threat to the continued employment of upwards of 500 employees of two industries in our city of some 14,000 inhabitants. For years the glove and textile industries have been marginal operations and we believe the industries are doomed without protective tariffs against goods produced in low-wage countries.

"The Marinette Chamber of Commerce also recommends the extension of the Recriprocal Trade Agreement with Venezuela. We feel it is important to continue the present high level of trade with Venezuela because of mutual benefits to the economies of both nations."

GEORGE S. ROBBINS,
Executive Secretary.

THE MERRILL CHAMBER OF COMMERCE,
Merrill, Wis., January 28, 1955.

Senator ALEXANDER WILEY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: It has been brought to the attention of the Merrill Chamber of Commerce, that America's foreign-trade policy has been given number one priority on the congressional calendar during this session of Congress; also that this present bill, H. R. 1, that is now being introduced will give the President the right to reduce duties as they exist by a minimum of 5 percent each year for the next 3 years.

Right now there is a large surge of Japanese imports in the United States and in one category of our industry alone Japan has taken over 37 percent of our glove market. To compete with Japan's labor rate, their machine, and equipment as efficient as ours, and raw materials at our market value, we would have to be 10 to 12 times more efficient than they are.

Since Merrill is among those cities with industry manufacturing of gloves; we would be directly jeopardized by reduced tariff.

We urge your support in maintaining this tariff protection.

Thank you,

Sincerely,

LEONARD C. HACKBARTH,
Secretary.

DULUTH, MINN., *April 29, 1955.*

Senator ALEXANDER WILEY,
United States Senate, Washington, D. C.:

Strongly urge your support in the Senate and Finance Committee for an amendment to H. R. 1 changing tariff classification of hardboard.

INTERNATIONAL BROTHERHOOD OF PULP, SULPHITE, AND PAPER MILL WORKERS, LOCAL NO. 776,
NIELS H. HEDVALL, *President.*

WEBER VENEER & PLYWOOD CO.,
Shawano, Wis., March 9, 1955.

Senator ALEXANDER WILEY,
Washington, D. C.

DEAR SENATOR WILEY: As there are a number of hardwood plywood plants in Wisconsin that are concerned about the startling amount of foreign plywood imported into this country, the matter of a protective tariff has no doubt been called to your attention before.

According to the latest reports, imported plywoods are now supplying 41.1 percent of the American hardwood plywood markets. In 11 months of 1954, plywood imports amounted to 383.6 million square feet and the total for 1954 is estimated at 440 million square feet, or an increase over 1951 of 600 percent. This volume of imports cannot continue without having some drastic effect on the American plywood industry.

United States Embassy reports from Tokyo show the average wage in Japanese plywood plants is about 11 cents an hour, as compared to an average of over $1 per hour in American plywood plants. In view of this alarming situation, we urge you to support all legislation favorable toward receiving some relief in this matter of low-priced plywood imports.

In support of the application for relief from low-priced imported plywood, there will be representatives from 29 plywood companies in attendance at the Tariff Commission hearing on March 22, 1955.

Yours very truly,

CLARENCE R. WEBER,
Managing Partner.

FEBRUARY 8, 1955.

UNITED STATES TARIFF COMMISSION,
Washington, D. C.

DEAR SIRS: The legislative and national affairs committee of the Stevens Point, Wis., Chamber of Commerce unanimously opposes any reduction of tariffs on fishing tackle.

This is the fishing tackle capital of the world and our economy would be seriously threatened if the tariff was lowered on foreign made fishing tackle. Our plants could not compete with the foreign plants because of their low labor costs. Our items are predominantly handmade by skilled workers whose wage rate is many times the wage rate in foreign countries. Our people would be thrown out of work and hardships would befall our working population and our entire community.

We urge your support on this matter.

Sincerely,

ROBERT A. FISHER,
Chairman, Legislative and National Affairs Committee.

HANSEN GLOVE CORP.,
Milwaukee, Wis., January 31, 1955.

Senator ALEXANDER WILEY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: As you perhaps know we operate factories in Kiel, Merrill, and Clintonville, Wis., where we manufacture ladies' fabric gloves. This is one of the commodities on the list which will be considered for tariff reductions at the Geneva Conference in February.

Recently bill H. R. 1 has been introduced which would permit the President to reduce all tariffs in existence at July 1, 1955, 5 percent per year for the next 3 years. The effect of this bill would be accumulative inasmuch as any reduction made under it would be in addition to any adjustments made by the Geneva Conference.

Already Japan has taken about 37 percent of our cotton fabric glove market. We are competing with a foreign industry in which the average wage is 11.6 cents per hour. You can readily see the diastrous effect which would be caused by the granting of any additional advantage to these foreign countries through reduced tariffs. It would be a definite threat to our industry and to the jobs of the many people we employ.

Very truly yours,

J. C. BARTH.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the Senator from Indiana [Mr. CAPEHART].

Mr. CAPEHART. Mr. President, the bill which the Senate is considering will be a good bill if it results in an increase in the number of jobs and the volume of trade in the United States, as well as in other countries. That will be the test. Will it increase trade? Will it increase jobs? Jobs mean trade, and trade means jobs.

We in the United States should be interested in more jobs for more people, and I know we are. We likewise should be interested in more jobs in foreign countries, and particularly we should be interested in doing something to help them create more jobs, to make more products, which the people within those countries can sell to each other.

We in the United States cannot buy everything the world makes. Neither can any other country buy everything we make. Therefore, if we are going to build up the trade of the world and the trade between nations, other nations of the world will have to find ways and means of creating more jobs and making more things to sell among themselves—not to export, but to sell among themselves.

That is one of the things, Mr. President, in which I am vitally interested. I am vitally interested in more jobs and more trade not only in the United States, but in every nation of the world.

If the proposed legislation will create more jobs and more trade, it will be very successful. I admit that I am not wise enough to know whether it will or will not. I see merit on both sides. I shall support the bill in the hope that it will create more jobs and more trade.

With reference to the amendment offered by the able Senator from Minnesota [Mr. HUMPHREY], it may well be that if the bill shall result in much unemployment in the United States, we may have to do something such as the Senator advocates. But I think the Senate properly rejected the amendment, because no one knows at the moment just what effect the bill will have upon jobs and business in the United States.

Mr. President, I had intended to offer an amendment, but I shall not do so. My amendment would have provided that the standard for tariffs be based upon the cost of the actual wages which go into a given unit, taking into consideration, of course, the cost of living in different countries, the productivity of the worker, and even his tools. I shall not offer such an amendment because I do not think it would have a possibility of acceptance. I think that perhaps some day, if the trade agreements legislation does not work satisfactorily, if it does not create more jobs and develop more trade, it may well be necessary to establish some kind of yardstick which will base tariffs upon the amount, or cost, of labor which goes into a given unit.

I want the world to know that I am interested in three things: More jobs, more trade, and the maintenance of a high standard of living in the United States. These factors are important in order to preserve the great buying power which the laboring men of the United States have because of their high wages.

In the United States a great market exists for goods. The reason we have such a market is that the American people receive high wages. We have high productivity. Our people have jobs, which result in trade and industry. The fact that our people have money means the maintenance of our markets. I am interested in the maintenance of those markets. I believe every seller, whether he be an American seller or one from a foreign nation, should be deeply interested in maintaining the American market. We cannot have an American market unless our people are working and are receiving good wages.

What will the bill do? Will it create more jobs and more trade? Will it increase the standard of living of the American people? Will it increase the wages of the American worker? At the same time, will it create more jobs in foreign countries, and will the industries in those countries likewise increase the wages of their workers? Furthermore, will the bill enable manufacturers in foreign countries to produce more goods within their own countries, thereby creating more jobs for their own workers and enabling them to sell more things among themselves?

I shall support the proposed legislation on the basis of my hope that it will create more jobs and more trade. If it does not, something can be done about it later. I am hopeful that the bill will accomplish the objective of providing more trade in the United States, although I am not too certain or so positive as are many persons that that will be done.

Mr. CAPEHART subsequently said: Mr. President, earlier today I spoke, and said I had intended to submit an amendment which I had had printed on March 4, but decided not to submit it. At this time I ask unanimous consent that the amendment may be made a part of the remarks I made earlier today.

There being no objection, the amendment intended to be proposed by Mr. CAPEHART was ordered to be printed in the RECORD, as follows:

At the end of the bill insert the following new section:

"SEC. —. No action shall be taken pursuant to section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351), to decrease the duty or grant any other concession on any product of any foreign industry which does not have a wage level at least as high as the wage level required by the Fair Labor Standards Act of 1938, as amended."

Mr. NEELY. Mr. President, I offer an amendment.

The PRESIDING OFFICER (Mr. SCOTT in the chair). The amendment offered by the Senator from West Virginia will be stated.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following new section:

SEC. —. Paragraph 1513 of the Tariff Act of 1930, as amended, is amended by striking out "toy marbles," and by inserting after "70 percent ad valorem" the following: "; toy glass marbles, 35 percent ad valorem, based on the American selling price as defined in section 402 (g)." The foregoing amendment shall become effective as soon as practicable, on a date to be specified by the President in a notice to the Secretary of the Treasury following such negotiations as may be necessary to effect a modification or termination of any international obligations of the United States with which the amendment might conflict, but in any event not later than 180 days after the passage of this act.

Mr. NEELY. Mr. President, there are seven glass marble factories in the United States. Six of these are in West Virginia. The seventh is in Illinois.

Upon hearings on unemployment recently held by a Senate subcommittee of which it was my privilege to be the chairman, it was conclusively proved that these six West Virginia factories are in process of liquidation and that unless they are promptly afforded protection, they will, on or before the first day of next July, close down forever. The sole cause of the proposed closing is the irresistible competition of Japanese marbles which are now being sold throughout the country for less than the labor cost of making them in the United States.

The amendment before the Senate, if enacted into law, would afford these factories sufficient protection to save them from their impending annihilation.

Senators, in imagination, please put yourselves in the place of the distressed owners and employees of these factories, and then vote on the amendment before you in accordance with the Golden Rule. By doing this, you will help to preserve for the present and future generations of our children the exhilarating pleasure of playing one of the most typical of all American games with marbles made in their own native land.

Mr. JOHNSON of Texas. Mr. President, if there is no request for time on this side, I yield back the remainder of the time and ask for a vote on the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. NEELY].

The amendment was rejected.

VISIT TO THE SENATE BY THE HONORABLE P. PIBULSONGGRAM, PRIME MINISTER OF THAILAND

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senate stand in recess, subject to the call of the Chair, in order that opportunity may be afforded to receive the Prime Minister of Thailand.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

Thereupon (at 2 o'clock and 33 minutes p. m.) the Senate took a recess, subject to the call of the Chair.

The VICE PRESIDENT. The Chair appoints the Senator from Texas [Mr. JOHNSON] and the Senator from California [Mr. KNOWLAND] a committee to escort the guest of the Senate into the Chamber.

At 2 o'clock and 35 minutes p. m., the Prime Minister of Thailand, escorted by the committee appointed by the Vice President, entered the Chamber, and was greeted with prolonged applause.

The Prime Minister took the seat assigned to him immediately in front of the Vice President.

The VICE PRESIDENT. Members of the Senate and guests in the gallery: It is my great privilege to present to the Senate the Prime Minister of the Kingdom of Thailand. The Prime Minister is one of the great leaders of the free world, and he comes from a land of the free.

The Prime Minister of Thailand. [Applause, Senators rising.]

The PRIME MINISTER. Thank you, Mr. Vice President.

I am greatly honored by the cordial welcome you have extended to me and for this opportunity of meeting the Members of such an eminent body of legislators, charged by the Constitution and the people of the United States with important responsibilities concerning both domestic and foreign affairs.

May I take this opportunity, Mr. President, to convey to you and through you, sir, the warm greetings from the Government and people of Thailand to the people of the United States, and my deep gratitude for the gracious and kind welcome I have received from the American people.

We, in Thailand, are still young in the parliamentary form of goverment which we have had for only 25 years, but our love of freedom is rooted in our history and traditions and is as strong as the love of liberty which has made the United States the great Nation it is today.

I have had the pleasure of personally meeting a number of United States Senators who have been to my country, but I have long had the desire to visit the United States Senate whose wise guidance in matters of foreign policy, which is of particular concern to Thailand and other countries, is of supreme importance during this period of world tensions.

Thailand is proud to have stood with the United Nations and the United States in Korea against aggression, and is proud to be a partner, even though a small one, in the efforts being made by the United States to bring about a lasting period of peace. I believe peace can be achieved through collective strength mustered, not for purposes of aggression or interference in the internal affairs of other nations, but to preserve justice and liberty.

The danger with which we are confronted is real, for not only are the peace and security of Asia, and indeed the world, threatened, but more important than that, their very life and freedom. The people of Thailand shall continue to persevere with all their strength and energy, in the course we have taken, for we believe freedom, democracy, and righteousness will ultimately prevail.

Thank you once again for your friendly welcome. I extend to each one of you a cordial invitation to visit Thailand.

[Prolonged applause, Senators rising.]

The VICE PRESIDENT. Mr. Prime Minister, we appreciate your paying us the honor of this visit. I am sure the Members of the Senate and our guests in the galleries will be interested to know that in addition to the distinguished visitor who is on the floor of the Senate, there is another distinguished visitor in the gallery who is a leader in humanitarian and philanthropic activities. I refer to the wife of the Prime Minister. I wonder if she will stand and give us an opportunity to see her.

[The wife of the Prime Minister rose from her seat in the gallery, and was greeted with applause.]

The VICE PRESIDENT. Mr. Prime Minister, it is our custom to give all the Members of the Senate an opportunity to meet personally a distinguished visitor. The Senate will remain in recess in order to give an opportunity to Senators to greet you personally.

The majority leader and the minority leader will escort you to the floor of the Senate so that they may introduce you to the Members of the Senate.

Thereupon the majority leader [Mr. JOHNSON of Texas] and the minority leader [Mr. KNOWLAND] escorted the Prime Minister to the well of the Senate and presented him to the Members of the Senate.

At 2 o'clock and 50 minutes p. m. the Senate reassembled when called to order by the Vice President.

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. DOUGLAS. Mr. President, I call up my amendment designated 5-3-55-I and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Illinois will be stated.

The LEGISLATIVE CLERK. On page 14, after line 9, it is proposed to insert the following new section:

SEC. 8. Section 3 of the Trade Agreements Extension Act of 1951 is hereby repealed.

Mr. DOUGLAS. Mr. President, the amendment I have offered would eliminate the peril point provision which was inserted in the Reciprocal Trade Agreements Act in 1948 by the Republican-controlled 80th Congress.

When the Democratic Party came back into power in 1949, following the sweeping victory which it had at the polls, we eliminated the peril point provision.

In 1950, the margin of superiority of the Democratic Party in the Senate and House was greatly narrowed, and in 1951 a compromise was effected, under which the Reciprocal Trade Act was renewed, but as a concession to get the bill through the peril point provision was put into effect.

It is a very interesting fact that up to the present day the peril point provision has been instrumental in preventing any tariff reductions. I read from the staff papers of the Randall report, page 268, the language referring primarily to the peril point provision:

This version of the act made it more difficult for the President to negotiate reductions in tariff duties. In fact, no important trade agreement activity took place under either the act as modified by the 80th Congress or under the Extension Act of 1951. Some of the proponents of the trade agreements program, in fact, maintain that it is not likely that any action could be taken under the Trade Agreements Act in its modified form. They maintain that the Trade Agreements Act, in its present form, is more important as protectionist, than as trade-liberalizing, legislation.

Mr. President, we should make up our minds whether we really want the liberalization of trade or whether we do not want it. Obvious attempts have been made to cover up that issue, and to prevent any clear-cut decision by this body.

I should like to point out that my party, historically, has always stood for freer trade, for greater commercial intercourse between nations. This has been the almost unanimous opinion of my party, and it has been grounded on solid principles. In the first place, we believe—and it is true—that the wider the area of trade, the greater the opportunity for each area to specialize in the products which it can produce best. The internal prosperity of this country is founded on that very fact. Last night I attempted to give some illustrations to that effect.

What is true internally is true as between nations. The broader the area of trade, the greater the opportunity for the nations to specialize, with the result that all countries benefit from each country's specializing in those commodities which it can produce most efficiently.

In the second place, as Adam Smith observed long ago, the wider the market, the more minute can be the division of labor. The automobile factories of Detroit, if they were limited to selling their goods in Michigan, would be small and relatively inefficient. It is because they have a nationwide market that they can subdivide the manufacturing processes minutely and get increased production, efficiency and lowered costs.

Mr. President, the wider the markets are made, the more minute can be the division of labor, the greater can be the application of capital to the particular process, and the lower will be the cost of production.

We in the State of Illinois are very proud of the productive efficiency of the Caterpillar Tractor Co., the greatest earth moving company in the world. Its efficiency is dependent almost entirely upon the large volume of bulldozers and other earth-moving machinery which it can sell. Shut off its foreign trade—and that is a considerable portion of its market—and its productive efficiency would be crippled, its costs would be raised, and the income of its workers, indeed the income of the American people, would be decreased.

So, Mr. President, the wider the area of trade, the more minute the division of labor, the lower the costs, and the greater our national income.

There is even a third advantage, and this is particularly applicable to the United States. Even if we can produce a wide variety of articles more effectively in each and every instance than can foreign countries, it will still pay us to concentrate on those articles in

which our comparative advantage is greatest.

I mentioned last night that I knew of a country lawyer who was the best attorney in his county and also the best stenographer and the best typist; but he concentrates on the practice of law, from which he can make approximately $60 a day, hires a typist and stenographer less efficient than he and pays her $10 a day. Thus he gains from following the law of comparative advantage.

So, Mr. President, the arguments in favor of broader trade are irrefutable and sound. My party has always recognized them. We led the fight through the 19th century for the reduction of tariffs. The greatest expansion of prosperity our country enjoyed took place from 1846 to 1860, under the Walker tariff of 1846 and the tariff of 1857. We battled for such a policy under Grover Cleveland. We carried it into effect under Woodrow Wilson. But then there followed the postwar reaction, and the high tariff laws of 1922 and 1930 were enacted. Those tariff laws diminished our foreign trade and decreased the prosperity of the Nation.

Then, with the advent to power of the Democratic Party in 1933, we passed, under the leadership of Cordell Hull, the reciprocal trade measure of 1934, and since that time tariffs have been reduced, trade has expanded, and the country has not been injured. We have enjoyed the greatest period of prosperity in our history, and we have helped to cement the free nations of the world together in those bonds of trade which underlie all political alliances.

But this policy has been threatened from time to time by protectionist sentiment, carefully engineered and skillfully led. We Democrats were delighted when President Eisenhower announced that he was in favor of freer trade between nations and that he thought the peace of the world might well depend on broader trade. We welcome these converts. We desire no monopoly on good ideas. We do not wish to hug them to our own bosoms alone. We are glad to share them; and we welcome into full fellowship the converts we have made, and extend to them our respect and our love.

But, Mr. President, our good President fell into trouble. He encountered the protectionists of his own party, who worked on him as Samson was worked on by Delilah. They began to cut his hair, and as his hair was cut, his strength diminished, until finally he had almost a crew cut—even less than that—and his strength disappeared. The administration timidly asked for an extension of the act for 1 year.

Then the Randall Commission was appointed, and inside that Randall Commission some extraordinary things went on. Mr. Randall is a distiguished and a very fine citizen of the city of Chicago. I am sure he believed in the cause of freer trade, but I think the high protectionists worked on him and watered his program down little by little. Apparently he succumbed to the Delilah haircutters who operated on him as they had on the President. He was hoping he could induce them to go along with him, and that he could liberalize them. But what happened, Mr. President? He watered down his claims. All he recommended was a 15-percent reduction in tariff duties in 3 years, or 5 percent a year. It is doubtful whether the full reduction would take place in that time.

We should realize, Mr. President, that a total reduction of existing duties of 15 percent, but merely 5 percent a year, means that if we started off with a tariff of 20 percent, the most it could be reduced would be only 1 percent the first year, another 1 percent the second year, and another 1 percent the third year, if there were a third year. So if there should be a third year—and there is some doubt that there will be—at most, tariff duties could be reduced only to 17 percent.

It is also true—and this is the most constructive feature of the original proposal—that Japan, which had been excluded from the 50-percent provision of the 1945 act, would be made eligible for that provision, and nations which made concessions to Japan could also obtain a 50-percent cut in the duties on their items.

Mr. President, I have heard Japan denounced; but it should be obvious to all of us that Japan and India will determine, in large degree, whether Asia goes Communist. The President has said Japan is the bastion of our defenses. The economic connection of Japan is with Asia. Japan's relationship to Asia is very similar to Great Britain's relationship to the continent of Europe. Both of them are islands lying off the main continental mass, and having few natural resources of their own. Japan's natural complement is China, from which Japan can obtain both coal and iron, and to which she could send, in turn, cotton textiles and machinery.

At the present time, China is in the hands of the Communists. We are properly trying to shut off trade from and with China. But the gravitational pull of China upon Japan is terrific. I hope we can prevent Japan from trading with China, but we can do so only if we provide Japan with alternative markets. Frankly, I think this is the most constructive, and perhaps the only really constructive, feature of the pending bill.

But, Mr. President, the Delilahs not only operated on the President and on the Randall Commission, but now from the Senate Finance Committee we have a series of other crippling amendments. I think some of our good friends should hire out as tariff barbers and haircutters, to deprive the low-tariff movement of its strength. They have made a number of crippling amendments.

In the first place, roughly 1,000 articles not imported into the United States in any appreciable quantity would, under the House version of the bill, be given appreciable decreases in duty. Under the House version, the duties on those commodities could be cut by 50 percent. However, that provision has been eliminated from the Senate version of the bill. Mr. President, some may ask, "If they are imported in negligible quantities, what effect would a reduction of tariffs have upon them?" In some cases, however, they are imported in negligible quantities because the tariff is so high; and to maintain the tariff at its present height would mean that those commodities would continue to be imported in only negligible quantities. In addition, many other features have been introduced.

For instance, the Tariff Commission would be made an Inspector General over the President of the United States. Mr. President, we know that field soldiers always are distressed when they hear that the Inspector General is coming around. The Tariff Commission would now be put in the position of a walking strawboss over the President; it would be instructed to watch what he does. On pages 11 and 12 of the act before us we find that the Tariff Commission is to keep informed concerning the operation and effect of provisions relating to duties contained in tariff agreements entered into by the President, and at least once a year is to submit to the Congress a factual report on the operation of the trade-agreements program. I do not know that I disagree in theory with that provision; but its practical effect would be that the President would always have the hot breath of the Tariff Commission and the protectionist interests blowing down his neck.

Then the escape clause is tightened still further. All of us know that the peril point can be invoked prior to the negotiation of a trade agreement. But the escape clause is put into effect after our trade agreement has been negotiated.

By section 5, the Tariff Commission would be required to make immediately public its findings and recommendations on escape clause applications to the President, and would be required to cause a summary to be published in the Federal Register. That provision seems innocent enough; but its effect will be to throw upon the President the marshaled forces of those who want specific protection and who are opposed to any reduction in tariffs. That provision would add to the number of Delilah barbers who are ready to cut the strength of the trade agreements, reciprocal-trade program.

Then, even though the domestic producers in an industry found their sales rising, year by year, they still would be able to invoke the escape clause, if they were obtaining a smaller relative share of the total sales.

Mr. LONG. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. LONG. Would it not be true that in a situation such as that of the textile industry, whose real difficulty comes from the domestic competition of nylon, orlon, dacron, and similar fibers which have been invented, the escape-clause action could be invoked on the theory that one-half of 1 percent of imports entering the country had a material effect upon the industry?

Mr. DOUGLAS. The Senator from Louisiana is completely correct. The phrase "material effect" can be used to hurt the cause of reciprocal trade.

Mr. LONG. In other words, even though foreign competition might constitute only a minor problem for the domestic industry, and then only with regard to one line of the commodities the industry is producing, and even though with regard to all other lines it was producing, the industry might be showing very sizable and handsome profits, nevertheless, it would be in order to invoke the escape clause, on the theory that, with regard to one line of commodities being produced, foreign competition was a material cause of decreased sales. Is not that true?

Mr. DOUGLAS. That is true.

Mr. LONG. Not because such competition would be a great or important cause of injury to the particular industry, but because it would be a material cause with regard to one commodity, although the industry as a whole was showing a handsome profit?

Mr. DOUGLAS. That is correct. The phrase used is whether "such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry."

An injury is interpreted, not merely as an absolute decrease in sales, but as a relative decrease. And a slight effect or threatened effect could be regarded as a material contribution.

Let me illustrate that point. Suppose 100,000 units of a commodity were produced in the United States, and suppose 20,000 units were imported. Suppose the United States production rose to 110,000, but suppose the imports increased to 30,000; 30,000 represents an increase of 10,000 over the original imports of 20,000; and the increase is greater, in proportion to the original imports of 20,000 than the increase of 10,000, in proportion to the original domestic production of 100,000. So, even though there had been an increase of 10,000 in the domestic production, the escape clause could be invoked, and the imports would be said to have contributed materially to injury.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. MORSE. I seek only information as to the Senator's theory of the case. What checks, if any, does he propose to place upon the President in fixing tariff policy?

Mr. DOUGLAS. I will say that, in general, I am a strong defender of legislative powers, and do not believe in delegating unlimited power to the Executive. Nevertheless, we in Congress are peculiarly subject to the pressures of special interests, which are highly organized and highly financed, and which can exert crushing weight.

The general interest being diffused, is of necessity weak and relatively voiceless. I think this is one of the troubles with modern democracy, which, incidentally, Mr. Walter Lippmann develops at some length in his recent book, "The Public Philosophy." Therefore, modern legislatures have found it very difficult to protect themselves from special interest groups. This is particularly the case in view of the fact that we, as representatives of specific districts or specific States, must of necessity represent our States and our districts.

Whatever the faults of the President may be, the President is elected by the people as a whole, and he is supposed to represent the Nation as a whole. So personally I should like to go back to the original Cordell Hull Reciprocal Trade Agreement Act of 1934, without the peril-point provision, but with the provision that, since the Reciprocal Trade Agreements Act must be renewed every 3 years, at the end of 3 years we could, by a yea-and-nay vote, decide whether or not to continue the policy.

What I think we are seeing now is that, after the first rush of enthusiasm for the Hull policy and for the alleged Eisenhower policy has passed, the shock troops of special interests are coming in and sweeping us off our feet. We are adulterating the measure until it is neither fish nor fowl, and only worthy to be spewed out of the mouths of sincere believers in reciprocal trade.

Mr. MORSE. Does the Senator think his theory of the case resolves itself into giving the President of the United States, for a 3-year period, unchecked powers to fix tariffs according to his discretion?

Mr. DOUGLAS. I should say that the President would be subject to the 3-year renewal of the act. Also, every 4 years the party of the President comes up for election.

Mr. MORSE. Mr. President, will the Senator further yield?

Mr. DOUGLAS. I yield.

Mr. MORSE. Does the Senator agree with me that under this program it would be the Secretary of State who would be the primary adviser to the President with regard to tariff policies?

Mr. DOUGLAS. That is true.

Mr. MORSE. Does the Senator think the record of Mr. Dulles as Secretary of State has been one which inspires confidence in his ability to resist pressures?

Mr. DOUGLAS. Let me say that I prefer not to be personal in my comments.

Mr. MORSE. But we have a situation confronting us——

Mr. DOUGLAS. I think we had a fine Secretary under Harry Truman, one who never received his just due from the American people, and who is beginning to look better and better in comparison with what has happened since then.

Mr. MORSE. I say most respectfully to my friend from Illinois, whom I love very dearly, that unless my ears betray me, I am listening to an argument for personal government in the administration of the trade policy of the United States. I insist that we ought to go back to the constitutional system of checks and balances. It is a pretty sound way of protecting all the people of the country. I do not intend to vote to give any President, Democrat or Republican, the kind of power the Senator from Illinois is proposing.

Mr. DOUGLAS. Let me say in reply to my good friend from Oregon that I believe in democratic government—and, to use the Senator's own phrase, constitutional liberalism—as much as he does.

Last night, at about the same hour of the day when the Senator from Oregon usually takes the floor, I reviewed at some length the history of American tariff policies. I pointed out that from the tariff of 1816 on, with the exception of the Walker tariff, the Underwood tariff, and the Cordell Hull program, special interests have swept Congress off its feet every time; and I submit that until we show more intestinal fortitude, I have confidence that the principles of broader trade will be better served by a man who represents the United States as a whole than by representatives who, of necessity, are forced to represent the specific interests of their States or districts.

Mr. MORSE. I say most respectfully to the Senator from Illinois that I am familiar with his review of American tariff policies. I disagree with his conclusion on item after item, and I shall reply to him at some length later this afternoon.

Mr. DOUGLAS. I shall welcome the Senator's reply. The Senator from Oregon and I disagree so seldom that it is like a touch of savour so to speak, to find this element of disagreement. It takes some of the monotony out of life when the Senator from Oregon and I differ.

Mr. KERR rose.

Mr. DOUGLAS. The Senator from Oklahoma and I agree less often, so I welcome a question from him. Incidentally, I do not know why it is that Democrats must always fight with Democrats.

Mr. KERR. I will say that the distinguished Senator from Illinois is one of the best answers I know of to that question.

Mr. DOUGLAS. No one can get the better of the Senator from Oklahoma in an exchange of witticisms, and I should not have been so unwary as to try.

Mr. KERR. I thank the distinguished Senator from Illinois.

I will say to him that I know of no one whose kind words I cherish more. Nor is there anyone better able to express himself in terms of dramatic realism than is the Senator from Illinois.

The Senator has been discussing the question of delegating to the President the tariffmaking powers imposed upon the Congress by the Constitution. When the Secretary of State was before the Finance Committee, the Senator from Oklahoma addressed some questions to him as to the authority of the President to delegate to others powers which the Congress would be and has been delegating to the President by the Reciprocal Trade Agreements Acts. The Senator from Oklahoma asked the Secretary of State to what degree the President could delegate such authority. The Secretary of State, in his purpose to make it dramatically clear how far-reaching the President's powers of redelegating that authority were, made a statement which is inaccurately set forth in the record. I shall state both versions of it. He stated that the President of the United States, if he so desired, could delegate all his authority in that regard to his office boy.

Mr. DOUGLAS. But he would not wish to do so.

Mr. KERR. I think perhaps the statement of the Secretary of State was justi-

fied on the basis of the policies which have been pursued by the President. I think he not only can do so, but has done so.

Mr. DOUGLAS. I do not believe the United States is in danger of having a Caligula for President. I think it was the Roman emperor, Caligula, who decorated his horse and invested it with authority. I do not believe we need fear that power will be delegated to an office boy.

Mr. KERR. As I remember the Roman emperor to whom the Senator has referred delegated the authority which he gave to the whole horse.

Mr. BARKLEY. That involves a question of extremities.

Mr. KERR. But the Senator from Oklahoma made no reference to which extremity he referred.

I asked the Secretary of State to give us the names of the men to whom the President had delegated the authority. I read from the hearings:

> Secretary DULLES. Senator, the President can give powers to an office boy, anybody—

Mr. DOUGLAS. Can, but would not.

Mr. KERR. I asked another question, and the Secretary made this statement:

> I cannot tell you to whom the President delegated his authority.

I ask the distinguished Senator from Illinois whether he can tell the Senate the name of any one of the negotiators to whom the President has delegated this authority, which the Senator from Illinois is now asking Congress to delegate unfettered to the President.

Mr. DOUGLAS. Is this an examination the Senator is putting me through?

Mr. KERR. Something of that kind.

Mr. DOUGLAS. I do not pretend that I have my lesson perfectly.

Mr. KERR. Does the Senator have it imperfectly?

Mr. DOUGLAS. Yes; very imperfectly. However, I believe that authority has been delegated to the Assistant Secretary of State, Samuel C. Waugh, who is in charge of economic affairs, and a very good banker.

Mr. KERR. I should like to say to the Senator that according to the testimony of Mr. Dulles the only authority delegated to Mr. Waugh was to sign agreements. I asked the Senator if he knew the names of any men to whom the authority to negotiate agreements had been delegated.

Mr. DOUGLAS. Normally speaking, I should not think that Mr. Waugh would sign agreements with which he did not agree.

Mr. KERR. The Secretary of State stated that Mr. Waugh signed as the delegated representative of the President to sign agreements, not to negotiate them.

Mr. DOUGLAS. I take it that I passed the examination.

Mr. KERR. I take it that the Senator has demonstrated that which has always been the position of many who are asking Congress to delegate their authority in the matter of the regulation of foreign trade and commerce, namely, that the Senator does not know to whom the authority will in the end be delegated, or by whom. I challenge the Senator, if I have not correctly stated the situation, to tell us now or tomorrow or next week to whom the authority has been or will be delegated.

Mr. DOUGLAS. Mr. President, I may say to my good friend from Oklahoma that he has also served in the Armed Forces; and he knows that orders are passed down the line from general to chief of staff to colonel to battalion commander to captain to lieutenant to platoon sergeant to sergeant to corporal to private. Must the general know the name of the corporal in order to have his order carried out? The order is given. The question is whether it is carried out. It is not necessary to be able to identify the particular man with two stripes on his sleeve, or even the pfc, or even the poor private, who carries out the order.

Mr. KERR. I thank the Senator for that statement. I wish to remind him that the Constitution of the United States does not provide for a program under which Congress can delegate to generals, to colonels, to corporals, to privates, or to latrine guards the authority and responsibilities placed by the Constitution upon Members of Congress as the people's representatives. I thank the Senator for illustrating to what extent the authority will be delegated and redelegated and redelegated, until it is lost sight of in the interminable maze of individuals in the Department of State who will exercise the authority.

Mr. DOUGLAS. Until it is finally carried out with celerity and efficiency.

Mr. KERR. I challenge the Senator to show that.

Mr. LONG. Mr. President, will the Senator yield?

Mr. DOUGLAS. I wish first to reply to my friend from Oklahoma. Does the Senator maintain that the Reciprocal Trade Agreements Act of 1934 is unconstitutional?

Mr. KERR. I have not made that statement.

Mr. DOUGLAS. That is the Senator's argument.

Mr. KERR. I have not made that statement.

Mr. DOUGLAS. The Senator has stated it was a delegation of power and that it was an unconstitutional delegation of power. The judge of whether it was unconstitutional is the Supreme Court. Has the Supreme Court ever declared the act to be unconstitutional? I ask the Senator from Oklahoma to reply to that question.

Mr. KERR. The Supreme Court of the United States has not so declared. Now I shall ask the Senator from Illinois this question: Upon whom does the Constitution place the responsibility to regulate international trade and commerce?

Mr. DOUGLAS. Primarily upon the President of the United States, I would think.

Mr. KERR. Mr. President, that is an example of the Senator's lack of information. If the President already has the authority, why would the Senator from Illinois be asking Congress to give the authority to the President?

Mr. LONG. Mr. President, will the Senator yield?

Mr. DOUGLAS. Does not the Constitution, in its definition of powers, charge the Executive with the conduct of foreign affairs, with the advice and consent of the Senate?

Mr. KERR. I should like to read to the Senator what the Constitution provides on that point.

Mr. DOUGLAS. While the Senator is looking up the Constitution I shall yield to the Senator from Louisiana.

Mr. KERR. Perhaps the Senator from Illinois is allergic to the Constitution.

Mr. DOUGLAS. No; I am not allergic to the Constitution. That statement is unworthy of the sportsmanship of the Senator from Oklahoma.

Mr. KERR. Then, I withdraw the statement.

Mr. DOUGLAS. The senior Senator from Oklahoma [Mr. KERR] has asked me whether or not the granting of power to the President to negotiate reciprocal-trade agreements is in violation of the Constitution. In his opinion, it is. Although I do not pretend to be a constitutional expert, I say it is not.

I point out to my very good friend from Oklahoma that Congress is given the power to regulate commerce among the several States, and also among Indian tribes, I believe, but it did not exercise that power in the case of railroad rates. Congress instead delegated that power to the Interstate Commerce Commission, and the constitutionality of the Interstate Commerce Act has been upheld.

Furthermore, Congress delegated its powers with respect to unfair competition to the Federal Trade Commission, and the constitutionality of the Federal Trade Commission Act has been upheld.

In the case of foreign trade, the Supreme Court has held in, I believe, the Curtiss-Wright export case, involving the Chaco war, that the field of foreign trade is one peculiarly adapted to the delegation of powers by Congress.

So I submit that the Senator from Oklahoma is laboring under a grave misapprehension. He is indulging in a Euclidian argument which has a position but no magnitude.

Mr. O'MAHONEY. Mr. President, will the Senator from Illinois yield for a question?

Mr. DOUGLAS. I yield.

Mr. O'MAHONEY. In the quick study with respect to the delegation of legislative power, which the Senator from Illinois has made during the recess a while ago, has he not discovered that such delegations of power are upheld only when Congress has prescribed definite standards? In this instance the point of constitutionality here hinges entirely upon whether any standards are provided in the bill. When the time comes for me to offer my amendment, which provides for the approval of Congress, I shall undertake to show that there are no standards in the bill, and that not a single Member of the Senate who will vote for the bill today can have the slightest idea of how many commodities are to be dealt with and how they will be dealt with. We are conveying

away constitutional legislative power to effect a policy in international trade.

Mr. DOUGLAS. I hold in my hand a copy of the Reciprocal Trade Agreements Act, as amended. Standards are prescribed in sections 4, 5, 6, and 8 which would seem to me to be sufficiently specific, so that an improper delegation of authority cannot be made.

If my good friends, the Senators from Oklahoma and Wyoming, doubt the constitutionality of the law, why not start a suit? So far as I am aware, the act has been in effect for 20 years, and the Supreme Court never has declared it to be unconstitutional. So it is extraordinary to have two Senators, able as they are, now rising to declare unconstitutional a measure which has existed for 20 years and has never been overruled.

It is very easy for us in the Senate to think that we are great constitutional lawyers. I do not pretend to be a constitutional lawyer, but I submit that if it is constitutional for Congress to delegate specific powers in the fields of the regulation of railway rates, of unfair trade practices, and of foreign affairs, in which field the President, under the Constitution, is made primarily responsible, then it is particularly appropriate to do so in this instance.

Mr. O'MAHONEY. Appropriate in what way?

Mr. DOUGLAS. To negotiate treaties.

Mr. O'MAHONEY. Are these treaties?

Mr. DOUGLAS. They are executive agreements.

Mr. O'MAHONEY. That is a new invention of those who have decided that it would be appropriate for the executive branch of the Government to take over the legislative power, and to do so by way of agreement to delegate power.

Mr. DOUGLAS. This is very interesting. In 1922, under the Fordney-McCumber Act, the President was given the power to raise tariffs and to lower them. I heard no objection in the next 12 years that that was an improper delegation of power. Why? It is interesting to observe that in 32 out of 37 cases the Presidents—and Republican Presidents they were—raised the tariffs. That was not said to be an improper delegation of power.

I notice that there has been written into the bill an amendment which gives to the Office of Defense Mobilization and the President the power to impose quotas. If Senators are opposed to the delegation of authority to reduce tariffs, why are they in favor of giving to the President the power to impose quotas? I ask for consistency from my friends.

Mr. KERR. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. KERR. I am delighted with the action of the Senator from Illinois and the way in which he has comported himself in responding to my remarks. I have noticed with a great deal of interest his going to the Constitution several times, presumably to read something, but I have not yet heard him read anything from the Constitution.

Mr. DOUGLAS. Let me read from article II, the second paragraph of section 2, of the Constitution. Does the Senator from Oklahoma have that before him?

Mr. KERR. Yes; I do.

Mr. DOUGLAS. Article II defines the powers of the President, and the second paragraph of section 2 reads as follows:

> He shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur; and he shall nominate and, by and with the advice and consent of the Senate, shall appoint Ambassadors.

And so forth.

Mr. KERR. May I ask the Senator from Illinois in what way that language affects the bill which is now before the Senate?

Mr. DOUGLAS. I should say that the reciprocal trade agreements are executive agreements. The Senator from Oklahoma may be a supporter of the Bricker amendment; I am not. In fact, I think I heard the Senator from Oklahoma last year make one of the eloquent speeches against the Bricker amendment. Does my memory play me false?

Mr. KERR. It does. I must say to the Senator from Illinois that at times I find his memory of events almost as inaccurate as I do his conclusions based on neither reading nor memory.

But the Senator has referred to article II, section 2, of the Constitution, and I have asked him what connection that has with the proposed legislation.

The Senator has read from the Constitution the provision that the President shall have power, by and with the advice and consent of the Senate, to make treaties.

Mr. DOUGLAS. An executive agreement is a subspecies of treaty.

Mr. KERR. But the Constitution also says:

> Provided two-thirds of the Senators present concur.

Will the Senator from Illinois name a single one of the executive agreements, as he designates them, which has ever been concurred in by action of two-thirds of the Senators present and voting?

Mr. DOUGLAS. Let me see if I understand the Senator's argument.

Mr. KERR. I am asking the Senator a question.

Mr. DOUGLAS. I am trying to understand the argument of the Senator. Does he contend that the reciprocal trade agreements act is unconstitutional?

Mr. KERR. I have not so stated, despite the fact that the Senator from Illinois twice has said that I have said that, which I have not.

Mr. DOUGLAS. That is the only inference I can draw from the remarks of the Senator from Oklahoma.

Mr. KERR. Cannot the Senator from Illinois answer a question without drawing an inference?

Mr. DOUGLAS. It is pleasant to draw inferences if they are correct.

Mr. KERR. I am happy to be the inspirer of the pleasant reaction in the mind of my great friend from Illinois. If he does not want to answer my question, then I may say to him that it is wise to draw inferences.

Mr. DOUGLAS. I think few Members of the Senate are experts in constitutional law. I merely want to say that more than a century of history has indicated that Congress, when it considered tariff schedules on individual commodities, was subject to terrific special-interest pressures, which made it very difficult for Congress to legislate in the general interest.

As a result, legislative government was brought into a considerable degree of disrepute, and it became evident that if there were to be reductions in tariffs which, in the interests of prosperity and international peace, were necessary, Congress would have to insulate itself to some degree from the pressures which beat in upon us on individual schedules. Therefore, as a measure of self-protection against the terrific pressures, Congress delegated those powers to the President. I submit that wisdom has been justified by its children, since in the 15 years the Hull program operated, there resulted reductions in tariffs and an expansion of prosperity, the free world did get together, and yet Congress, every 3 years, had the power to exercise its veto.

Mr. KERR. Mr. President, will the Senator yield further?

Mr. DOUGLAS. I shall yield, but I also realize that my time is running out, and I should like to complete the substantive portions of my statement.

Mr. KERR. I shall be glad to desist, if the Senator does not care to yield.

Mr. DOUGLAS. I yield.

Mr. KERR. Any relationship between the bill which it is sought to pass today and the Hull reciprocal-trade-agreements program is purely coincidental.

Mr. DOUGLAS. Let me say this is a very much poorer measure than was the Hull proposal, but I was attempting to demonstrate that not only was this measure a compromise by the Randall Commission, and a compromise by the administration in the drafting of the bill, but it was compromised seriously in the Finance Committee, which the distinguished Senator from Oklahoma ornaments.

Mr. KERR. The reciprocal trade agreement program of Cordell Hull was conceived to be an instrumentality to promote reciprocal trade. He recognized that the delegation by the Congress of the authority to the President as placing upon the President a responsibility and a sacred trust, namely, so to act in connection with foreign trade and commerce as to promote it on a reciprocal, two-way basis. Now, if the Senator would care to inform himself, he would find that the record is filled with statements of the present Secretary of State, and that the press has been filled with statements of the President, in which they have clearly stated and repeated that their concept of the pending legislation is that its purpose is to implement the President's responsibility in connection with the conduct of foreign affairs—totally disassociated from the basic concept of the Hull reciprocal trade program, which was to promote reciprocal trade on a two-way basis.

I desire to clear up one more matter, and then I shall be through, and I thank the Senator for the time accorded me. The questions which the Senator from Oklahoma was addressing to the Senator from Illinois were not limited either to the power of Congress to delegate its authority to the President or to the extent to which that had been done; but my questions were directed primarily to finding out, which I did, how little the Senator from Illinois, and, for that matter, most of the others of us, know about the identities of the persons who, in the final analysis, will be the recipients from the President, or from some of his assistants, of the power and authority which we are about to delegate with such casualness and such indifference.

Mr. DOUGLAS. I thank the Senator from Oklahoma for his very complimentary references.

Mr. BARKLEY. Mr. President, will the Senator from Illinois yield? I do not know how much time he has, and I do not want to impinge on his time.

Mr. DOUGLAS. I am always glad to yield to the first Senator of the United States.

Mr. BARKLEY. Oh, I do not go back that far. [Laughter.] I thank the Senator for such an unusual compliment.

The same section of the Constitution which authorizes the Congress to regulate commerce among the States and with foreign nations and with the Indian tribes—which is now only academic—authorizes the Congress to levy duties and imposts, and perform other acts in the regulation of commerce. It is under that same authority, is it not, that Congress established the Interstate Commerce Commission? It realized back in 1887, 100 years after the authority was given to Congress by the Constitution, that it could not regulate all the details, practices, rates, and other important matters in interstate and foreign commerce. Congress, therefore, established the Interstate Commerce Commission, and delegated to it the power and the authority given to Congress under the Constitution, because Congress realized it could not attend to all the details. We do not know who all the examiners are who go forth over this country——

Mr. DOUGLAS. I wonder if the Senator from Oklahoma will tell us who are the examiners of the Interstate Commerce Commission.

Mr. BARKLEY. If I may be allowed to reply, I will say we do not know who they are. Many of us in the Senate do not know who the members of the Interstate Commerce Commission are, and yet we long ago accepted that Commission as a proper body to receive the delegation of congressional authority, and the Supreme Court over and over again has established the legality of such delegation.

Mr. DOUGLAS. That is correct.

Mr. BARKLEY. Congress also established the Federal Trade Commission under the same authority, to help enforce the antitrust laws, and to prescribe rules for the regulation of commerce among the States and among foreign nations, but particularly among the States.

We went from there to the establishment of the Securities and Exchange Commission, which has to do in part with the regulation of interstate commerce, so that the people of the country might have some forum to which to go to ascertain the validity of securities in which they might invest their money.

We established the Federal Communications Commission as one of our regulatory bodies, to regulate a certain form of commerce.

We established the Civil Aeronautics Board to regulate airplanes and air travel all over the country.

All those commissions and bodies were established under the same authority of the Constitution.

We do not know who the agents of the Securities and Exchange Commission are. We do not know them by name. I doubt if any Senator could name all the members of that Commission. I doubt if they could name all the members of the Federal Communications Commission, or of the Federal Trade Commission, or of the Civil Aeronautics Board. Certainly they could not name the examiners who go forth over the country to investigate and make reports so that the various agencies may perform the duties delegated to them by the Congress.

Does the Senator from Illinois see any difference between the establishment of those regulatory agencies and the delegation to them by the Congress of the power and authority to perform duties in regulating commerce which Congress, evidently, cannot perform, and the delegation of the power to fix tariffs?

Mr. DOUGLAS. The Senator from Illinois wishes to thank the Senator from Kentucky for stating with greater copiousness the principal point which the Senator from Illinois was laboring, and I marvel that such an intelligent man as the Senator from Oklahoma does not see the point.

Mr. LONG. Mr. President, will the Senator from Illinois yield for a question?

Mr. DOUGLAS. I yield.

Mr. LONG. The statement has been made that there is nothing reciprocal about a trade agreement. If the Senator will refer to pages 1261 and 1262 of the hearings, he will see that I asked Secretary Dulles what our imports and exports were. Secretary Dulles testified that, excluding all military and similar kinds of aid, and taking the actual trade, our exports in 1954, which was the last full year, were $11,390,000,000, and that our imports were $10 billion. In other words, we were more than 10 percent ahead. That sounds like reciprocal trade to me, except we are getting the better of it and to the extent of 10 percent. How can people trade with us if they cannot get dollars with which to trade? Who in America would want to get guilders or lira if they could get dollars?

If we are going to trade with other nations, they have to be able to sell to us some of their products, so they can have funds with which to trade with us. Does not that make sense?

Mr. DOUGLAS. It certainly does make sense.

Mr. President, last night, at a late hour, I placed in the RECORD various tables, which are to be found on pages 5432–5434. The tables show the specific concessions we have been able to obtain for the concessions we have made. There is no greater libel than the charge that reciprocal trade is a one-way street. We have obtained concessions in return for the concessions we have given.

Mr. LONG. Mr. President, is the Senator from Illinois aware of the fact that, as of the present time, we have a favorable balance of trade—that is to say, in the ordinary sense? We have been trading with other countries, and we have had a favorable balance of trade for so long a time that we now have most of the gold in the world buried at Fort Knox, Kentucky; and the other nations cannot pay us with gold, because they do not have enough of it.

Can the Senator from Illinois suggest some way, other than by giving the other nations an opportunity to trade with us, by which to make it possible for them to pay us for the things they would like to purchase from us?

Mr. DOUGLAS. Certainly I cannot. The only way to build up our exports is to build up our imports. The argument that we should build up exports, but should not permit imports, is obviously self-defeating, when applied broadly. Ultimately, the payments must balance or be equal. Our whole export market—and this is of great importance—depends upon this program.

For instance, let us consider the South. I desire to pay tribute to the South. In the past the South has had more sense on this subject than has any other section of the country. I do not know that that is because of greater intelligence on the part of the South, but it is because the South has been a large exporter of cotton, tobacco, and rice.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). The time of the Senator from Illinois on the amendment has expired.

Mr. DOUGLAS. Mr. President, I think I have yielded at least half of my time.

Mr. KERR. Mr. President, I ask unanimous consent that the Senator from Illinois may be allowed 5 minutes in which to conclude his remarks.

The PRESIDING OFFICER. Is there objection?

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Connecticut will state it.

Mr. BUSH. Did the Chair state that the time of the Senator from Illinois on the amendment had expired?

The PRESIDING OFFICER. The Chair did so state.

Mr. BUSH. Mr. President, I desire to be recognized.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oklahoma?

Mr. BUSH. Mr. President, I did not hear the request.

The PRESIDING OFFICER. The Senator from Oklahoma requested unanimous consent that the Senator

from Illinois be allowed 5 minutes in which to conclude his presentation.

Mr. JOHNSON of Texas. Mr. President, if agreeable to the Senator from Oklahoma, I will yield 5 minutes on the bill to the Senator from Illinois. I am fearful that if we begin to make requests for additional time, we shall become involved in considerable difficulty.

Mr. KERR. Then, Mr. President, I ask the distinguished Senator from Texas to yield 5 minutes on the bill to the distinguished Senator from Illinois, so as to allow him to conclude his remarks.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes on the bill to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 5 minutes further.

Mr. DOUGLAS. I thank the Senator from Texas and the Senator from Oklahoma.

Mr. President, the pending bill was a weak one when it was introduced. The Finance Committee has now eliminated the provision for a cut of 50 percent on so-called negligible items, some of which are negligible only because the tariff is high, but they could be made appreciable if the tariff were reduced.

The Finance Committee also has eliminated the provision giving the right to reduce the duties charged to Japan this spring; and the committee also has eliminated the provision giving the President the right to go to the next lower figure, in order to get an even percentage.

The bill, as it now is before the Senate, requires the Tariff Commission to report annually to Congress on trade agreements, and really makes the Tariff Commission the Inspector General over the President. The bill requires the Tariff Commission to make findings under the escape clause, and to have them published as they are submitted to the President.

Then there is the extraordinary provision which redefines "domestic industry," so as to allow a specific commodity definition of injury, even when the entire industry is prospering.

The last paragraph gives the Office of Defense Mobilization the power to recommend to the President, and gives the President the power to put import quotas into effect. I suspect that certain Members believe they have received assurances that if they will vote for this bill, an import quota will be imposed on oil or that, at the very least, the imports will be frozen at the existing percentage, if not reduced to 10 percent, as I understand the Senator from West Virginia desires.

What has happened in the case of fluorspar, lead, and zinc, I do not know. But the Senator from Colorado [Mr. MILLIKIN], with his beaming benevolence which reassures all of us, said on Monday that he thought these industries would be adequately taken care of; and I think those who have looked into his benevolent face have concluded that oil, coal, fluorspar, zinc, and lead will have quotas imposed upon them. Whether such a "deal" was made, I do not know. But the Senator from Colorado has not denied it, and a great many persons are following him.

Mr. MILLIKIN. Mr. President, what is this "deal" that the Senator from Illinois is imagining? He said there was a "deal," and said I did not deny it.

Mr. DOUGLAS. I said the Senator from Colorado had assured questioners, on Monday—and particularly the junior Senator from Texas—that they need not fear that the powers proposed to be granted to the President would not be exercised. He indicated that in all probability they would be exercised to protect oil and coal from importations of residual fuels from Venezuela; and the Senator from Colorado went on to deliver a eulogy about fluorspar, lead, and zinc, the products of his beautiful mountain State.

Mr. MILLIKIN. Mr. President, what is the Senator from Illinois bellyaching about? [Laughter.]

Mr. DOUGLAS. I am not bellyaching. I am merely saying that this bill is being put through on a tacit agreement between the administration and the protectionists, and under it each side can claim a victory. The administration can say that its low-tariff program has been put into effect. The administration can get the publicity; and the boys from Madison Avenue will write it up. But the protectionists will get the bacon.

I want to warn the honest Republican low-tariff supporters on the other side of the aisle—and I pay all respect to them—that when they go for a ride with the Senator from Colorado, they had better remember the limerick:

There was a young lady of Niger,
Who went for a ride on a tiger.
They returned from the ride
With the lady inside,
And a smile on the face of the tiger.

Mr. President, see the Senator from Colorado smile. [Laughter.]

Mr. President, I yield the floor.

Mr. MILLIKIN. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I am glad to yield for a question.

Mr. MILLIKIN. I recommend to my colleagues on this side of the aisle that they take a ride with me. I assure them they will never get anywhere by taking a ride with the senior Senator from Illinois. [Laughter.]

Mr. DOUGLAS. Mr. President, what is the parliamentary situation?

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois; and the time of the Senator from Illinois on the amendment has expired.

Mr. DOUGLAS. Mr. President, on the question of agreeing to my amendment, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. DOUGLAS. Mr. President, I suggest the absence of a quorum.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that there may now be a quorum call without having the time required therefor charged to either side. The Senator from Illinois has consumed all the time available to him on his amendment, but Senators who desire to answer him have not used any of the time available to them on the amendment.

If the Senator from Illinois wishes to have a quorum call had, in order to give all Senators an opportunity to hear those on the other side of the pending question, I make the request that the roll be called.

Mr. DOUGLAS. Mr. President, I should like to have a quorum present; but I should like even more to have a yea-and-nay vote on the question of agreeing to my amendment. Of course I should like to have a quorum present to hear the Senators who will speak on the other side of the pending question.

I am willing to withdraw my suggestion of the absence of a quorum if a sufficient number of Senators will second my request for the yeas and nays on the question of agreeing to my amendment.

Mr. JOHNSON of Texas. Mr. President, I have submitted my request.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. A quorum call has been ordered. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Fulbright	Millikin
Allott	George	Monroney
Anderson	Goldwater	Morse
Barkley	Gore	Mundt
Barrett	Green	Murray
Beall	Hayden	Neely
Bender	Hickenlooper	Neuberger
Bennett	Hill	O'Mahoney
Bible	Holland	Pastore
Bricker	Hruska	Payne
Bridges	Humphrey	Potter
Bush	Ives	Purtell
Butler	Jackson	Robertson
Byrd	Jenner	Russell
Capehart	Johnson, Tex.	Saltonstall
Carlson	Johnston, S. C.	Schoeppel
Case, N. J.	Kefauver	Scott
Case, S. Dak.	Kerr	Smathers
Clements	Kilgore	Smith, Maine
Cotton	Knowland	Smith, N. J.
Curtis	Kuchel	Sparkman
Daniel	Langer	Stennis
Dirksen	Lehman	Symington
Douglas	Long	Thurmond
Duff	Magnuson	Thye
Dworshak	Malone	Watkins
Eastland	Martin, Iowa	Welker
Ellender	Martin, Pa.	Wiley
Ervin	McCarthy	Williams
Flanders	McClellan	Young
Frear	McNamara	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS].

Mr. KNOWLAND. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. Will the Chair or the clerk state the amendment?

The PRESIDING OFFICER. Without objection, the clerk will state the amendment offered by the Senator from Illinois.

The LEGISLATIVE CLERK. On page 14, after line 9, it is proposed to insert the following new section:

SEC. 8. Section 3 of the Trade Agreements Extension Act of 1951 is hereby repealed.

Mr. JOHNSON of Texas. In view of the provisions of the unanimous consent agreement, I believe the time in opposition to the amendment should be controlled by the distinguished minority leader. Therefore, I suggest that the Chair look to him to yield time during the remaining hour of debate on the amendment.

Mr. KNOWLAND. Mr. President, I yield 5 minutes to the Senator from Connecticut [Mr. BUSH].

Mr. BUSH. Mr. President, I have listened intently to the Senator from Illinois. In the earlier part of his remarks he referred to Mr. Clarence Randall, the chairman of the so-called Randall Commission, and he said that Mr. Randall had been, as the Senator put it, watered down by the groups which, the Senator said, exerted pressure upon him during the life of the Commission.

Mr. President, I had the honor to be a member of the Randall Commission. I was 1 of the 5 Senators who were appointed to serve on the Commission; and I should like at this time to pay tribute to Mr. Clarence Randall for the manner in which he performed his duties as chairman of the Commission, which was a very difficult task indeed.

I never saw a man who was less subject to pressure or who so ably presided over a group of men of experience and affairs, and of diverse convictions, who were called upon to consider the important subject of foreign trade.

I wish to make it clear that in my view, Mr. Randall, as chairman of the Randall Commission, rendered a very great service to the United States.

I strongly oppose the amendment offered by the Senator from Illinois. The peril point and escape clause provisions of the act are, in my view, absolutely essential to its proper operation and administration.

I recall very well that in the deliberations of the Randall Commission in 1953, it was I who proposed that the escape clause and peril point provisions of the act be made a part of the recommendations of the Randall Commission. As I recall, there was no opposition, eventually, to including that recommendation in the report to Congress.

The Senator from Illinois has spoken about pressure groups as though there was only one pressure group, and that is the group which favors tariff protection. As a member of the Commission, and as a Senator, I wish to say that I believe the pressure groups among those who wish to do away with tariffs are just about as strong as, if not stronger than, the groups which have upheld tariffs as an essential factor in building up domestic industry and safeguarding jobs and the American standard of living.

Certainly the pressure groups for free trade include the great farm organizations which represent the wheat farmers and grain farmers and cotton interests. The automobile industry also has exerted very great pressure.

Therefore, when we talk about pressure groups, we must remember that they represent a two-way street. I suggest to the Senator from Illinois that he consider whether the pressures from the so-called freer trade elements are not just as great as the pressures from those who hold the view that to a large degree the industrial development of this country has been based on some element of tariff protection.

In the development of the act since 1934 the peril-point and escape-clause provisions have become of basic importance.

Therefore, I urge the Senate to reject the amendment offered by the Senator from Illinois by a very decisive vote.

Mr. KNOWLAND. Mr. President, I yield 15 minutes to the Senator from Utah [Mr. BENNETT].

Mr. BENNETT. Mr. President, one industry which has been faced with very difficult competition since the end of World War II is the domestic mining industry producing lead and zinc. I believe the experience of that industry and the manner in which the President has faced its problems will illustrate by indirection, at least, the value of maintaining the peril-point and escape-clause provisions.

Under the escape-clause procedure which is now a part of the law the President received a recommendation, unanimously approved by the members of the Tariff Commission, which indicated that the lead and zinc industry had been injured, suggested that the President take appropriate action.

One of the means open to the President, of course, was the restoration of the tariff cut that had been instituted under those provisions of the law. However, we should not believe that that was the only means open to the President.

Instead of restoring the tariff under the normal procedure, the President chose another interesting solution to the problem. That solution was based upon an administrative program, the heart of which was stockpiling.

Today I received a letter from the Honorable Arthur S. Flemming, Director of the Office of Defense Mobilization, who is responsible for the operation of the stockpiling program. I should like to read the letter to the Senate. It is dated today, and reads as follows:

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF DEFENSE MOBILIZATION,
Washington, D. C., May 4, 1955.

Hon. WALLACE BENNETT,
United States Senate,
Washington, D. C.

DEAR SENATOR BENNETT: Pursuant to our recent discussions on lead and zinc, I believe that a brief report on the current situation, as well as an indication of possible Government procurement action over the next few years with regard to these two metals, would be helpful and informative to you.

As you know, on August 20, 1954, the President indicated that the Government was in a position to purchase up to 200,000 tons of newly mined domestic lead and up to 300,000 tons of newly mined domestic zinc in fiscal year 1955 in order to assist in maintaining the domestic mobilization base for these two important metals which are essential for defense purposes. This procurement under the long-term stockpile program was in conformity with the minerals policy recommended to the President by his special Cabinet Committee on Mineral Policy, of which the long-term stockpile objective concept was approved by the President initially in March 1954.

I ask Senators to note those two dates: March 1954 and August 1954. I continue to read the letter:

This program has contributed in a vital way to a significant improvement in the prices of the 2 metals to the point that lead is now 2½ cents per pound above the low point of February 1954 and in recent months offers of this metal for the stockpile have declined substantially below the offers of a few months ago. The price of zinc is currently 2¾ cents per pound above the low point of 1954 and in recent months offers for the stockpile have likewise declined.

An additional heartening element in the situation for the two metals is that smelter stocks which had been excessively high in mid-1954 have declined substantially. At the present time lead smelter stocks are approximately 60,000 tons compared to about 97,000 tons on June 1, 1954, and zinc smelter stocks are approximately 90,000 tons, compared to 210,000 tons on June 1, 1954.

The closing down of domestic lead-zinc mines has virtually ceased, and in certain areas some mines previously closed have reopened. Moreover, information from abroad indicates that demand for these two metals in world markets is strong, and United States imports for consumption have not increased.

This is the heart of the letter, Mr. President, and I ask all my colleagues to listen carefully, particularly those who are interested in lead and zinc:

The present status of the strategic stockpile indicates that the Government will be in a position to continue to acquire both lead and zinc toward long-term stockpile objectives in 1955, and, it would appear, throughout 1956.

In other words, the Government will continue the stockpiling program for another 20 months. I continue reading from the letter:

In the meantime we are continuing to exert every effort through other appropriate actions and programs that can, in any way, contribute to a bettering of the domestic lead-zinc situation.

I repeat that statement:

In the meantime we are continuing to exert every effort through other appropriate actions and programs that can, in any way, contribute to a bettering of the domestic lead-zinc situation.

I trust that the above information will be reassuring to you in view of your and our concern with the maintenance of a strong, vigorous, and efficient domestic mineral industry, which is essential as a component of

our wartime mobilization base and also essential to the long-term economic development of the United States.

Sincerely yours,

ARTHUR S. FLEMMING,
Director.

Mr. Flemming is the Director of the Office of Defense Mobilization.

Mr. President, I think it will be interesting to analyze that letter briefly.

The program which began in March and was really put into high gear in August had some interesting effects. When it was announced in March, the price of zinc went up from 9.4 cents to 10.2 cents, and in August it went up from 11 cents to 11.4 cents. It is now 12 cents, and at no time has that price slipped back.

The lead price, which was 12.8 cents in February of 1954, jumped to 13.9 cents on the March announcement, and from 14.1 cents to 14.6 cents after the August announcement. It is now 15 cents. The combined prices of these two metals are approximately 23 percent higher than when the President made his announcement, and the prices have never slipped back.

One of the interesting and important effects of this program has been the reduction in the domestic stock. Surpluses overhung the market and tended to depress it. If we had had a tariff solution to the problem we might have slowed up the volume of imports, but that would not have had any substantial effect on the overhanging domestic stock.

I pointed out how the amount has dropped. A part of it has been absorbed by the stockpile, and the fact that the stockpile program was in effect has made it possible for this very substantial change, which puts a firm foundation under the present market prices for the minerals.

There are some interesting figures with respect to imports. Taking a 3-month running average, we discovered that in the case of zinc at the beginning of 1954 the averages for the 3 months before March were 49,000 tons a month; April, 48,000 tons; May, 48,000 tons; June, 47,000 tons. In the 5 months from October through February of this year they have averaged between 49,000 and 54,000 tons.

In other words, the net effect of the program has been to level off the rate of imports.

During the period of 3 months when we were waiting for the President to make his decision, the outside producers felt there might be tariffs and they crowded all the lead and zinc into the country they could get in, and in those months the rate of imports climbed, in the case of zinc, as high as 54,000 tons. There is approximately the same record with respect to lead.

Mr. President, I ask unanimous consent that these schedules may be printed at this point in my remarks.

There being no objection, the schedules were ordered to be printed in the RECORD, as follows:

Zinc statistics for 1954 and 1955, by months

[Quantities in short tons]

	United States mine production	Imports, by source [1]							Secondary production	United States consumption of slab zinc	Smelter stocks of slab zinc	Average price, cents per pound
		Total	Canada	Mexico	Peru	Bolivia	Belgian Congo	Other countries				
Total, 1954	465,245	(605,610)	(256,720)	(183,989)	(99,976)	(11,324)	(13,896)	(39,705)	(83,394)	(872,030)		
1954—January	39,637	49,150	13,068	14,498	10,651	4,977	717	5,245	6,881	65,844	198,712	9.8
February	39,398	40,812	14,707	13,550	8,396	1,730	413	2,016	6,206	64,178	199,994	9.4
March	42,248	57,470	24,682	14,761	10,266	3,494	772	3,495	6,969	73,639	201,100	9.7
April	39,915	46,615	19,978	14,477	5,015	688	1,791	3,666	6,810	71,655	200,740	10.2
May	40,008	42,176	19,480	12,431	7,566	71	524	2,104	6,874	70,342	209,828	10.3
June	40,391	53,022	24,730	16,646	8,353	637	1,218	1,438	6,917	74,315	201,124	11.0
July	38,445	54,154	30,896	10,576	8,195	74		4,413	6,833	62,964	198,027	11.0
August	38,141	56,103	23,104	16,290	12,253	101	524	3,821	7,462	73,179	193,253	11.0
September	34,178	49,477	16,317	18,629	8,920	77	2,624	2,910	8,241	73,266	175,505	11.4
October	35,511	49,079	15,747	18,868	8,185	68	1,284	4,927	8,369	79,195	152,137	11.5
November	38,338	49,729	21,374	17,003	5,831	66	1,312	4,143	7,804	82,111	134,658	11.5
December	39,035	58,902	32,491	16,305	4,960	53	2,717	2,376	8,028	81,742	124,077	11.5
1955—January	41,205	53,773	23,449	15,551	10,438		149	4,186	8,364	85,119	117,152	11.5
February	38,917	45,660	21,298	13,769	6,284	117	1,061	3,131	7,706	80,202	96,165	11.5
March											90,837	11.5
April												[2] 12.0

[1] Exports of zinc are only of minor importance. In all of 1954 they were only 25,000 tons.

[2] Price as of Apr. 20, 1955.

Secondary: Exports, 16,689 for 1954; imports, 1,000 for 1954.

Lead statistics for 1954 and 1955, by months

[Quantities in short tons]

	United States mine production	Imports by source [1]									Secondary [2] production	United States consumption	Smelter stocks of refined lead (end of month)	Average price, cents per pound
		Total	Canada	Mexico	Peru	Bolivia	Australia	Yugoslavia	Union of South Africa	Other countries				
Total, 1954	(318,985)	(437,722)	(100,497)	(70,859)	(58,797)	(13,522)	(80,002)	(38,464)	(35,506)	(40,075)	(480,000)	(1,095,000)		
1954—January	24,946	25,226	8,576	3,296	2,354	1,760	1,933	430	1,976	4,901	31,702	90,700	77,805	13.3
February	27,624	31,436	6,326	3,852	4,800	474	6,981	2,301	2,278	4,424	32,731	83,200	83,183	12.8
March	29,531	34,261	9,747	6,637	2,714	2,020	560	5,172	3,866	3,545	36,536	93,200	88,942	12.9
April	26,900	40,317	8,079	9,189	4,939	775	8,197		3,078	6,060	35,222	93,700	88,464	13.9
May	25,404	42,195	8,320	8,354	6,290	680	7,817	3,767	3,392	3,575	34,999	91,700	97,420	14.0
June	26,253	41,818	11,542	6,343	5,296	1,468	3,791	5,646	1,475	6,257	33,229	96,000	94,828	14.1
July	25,364	42,888	12,910	6,400	5,208	1,127	9,407	4,471	1,932	1,433	32,953	82,000	80,820	14.0
August	27,066	38,499	8,047	10,990	5,787	1,246	3,407	3,175	5,106	741	33,009	97,000	72,150	14.1
September	25,001	47,344	6,176	5,750	7,417	774	16,581	3,417	3,320	3,909	33,851	95,000	79,190	14.6
October	25,755	38,537	7,229	5,394	5,987	1,233	8,462	3,306	3,541	3,445	35,725	91,000	80,650	15.0
November	26,911	24,824	6,966	2,160	3,898	1,304	4,782	1,903	2,571	1,240	32,094	91,000	79,814	15.0
December	28,230	31,405	7,554	2,244	4,238	661	8,185	4,876	2,971	676	34,718	91,000	77,829	15.0
1955—January	27,347	21,106	4,407	3,072	3,853		5,451		3,880	443	35,947	93,000	84,882	15.0
February	26,581	33,633	8,450	3,776	6,798	2,400	3,760	2,480	3,336	2,633	32,742	86,000	64,938	15.0
March														15.0
April														[3] 15.0

[1] Lead exports are negligible. In all of 1954 they were only 609 tons.

[2] Secondary: Imports, 1954, 5,655; exports, 1954, 3,894.

[3] Price as of Apr. 20, 1955.

Zinc imports: 3-month running averages

[In thousands of short tons]

	Imports	3-month running average
1954—January	49	
February	41	49
March	57	
April	47	48
May	42	48+
June	53	47
July	54	50−
August	56	54+
September	49	53
October	49	51+
November	50	49+
December	59	53+
1955—January	54	54
February	46	53

Lead imports: 3-month running averages

[In thousands of short tons]

	Imports	3-month running average
1954—January	25	
February	31	30
March	34	
April	40	35
May	42	37
June	42	42
July	43	43
August	38	41
September	47	43
October	39	42
November	25	37
December	31	32
1955—January	21	27
February	34	29

Mr. BENNETT. Mr. President, the announcement, which is a virtual guaranty, that the stockpiling program will continue for the next 20 months, represents a very great change in the previous policies of the administration. Never before has it committed itself to the purchase of a particular product for stockpiling. But experience of the administration with lead and zinc during the past 8 or 9 months justifies it in feeling that it is safe in making this kind of a proposition to the industry, namely, that it will continue to support the price without being called upon to make any unreasonable investment.

In addition to that, Mr. President, I place great reliance on the words of the letter which set forth that the Government is continuing to exert every effort through other appropriate actions and programs that can in any way contribute to a bettering of the domestic lead-zinc situation.

This has been given added meaning by section 11 (b) of the bill as it was reported by the Finance Committee, which increases the power of the Office of Defense Mobilization to act quickly in the case of materials essential to the national defense and security.

I discussed the effect of this provision with Mr. Flemming. He pointed out that lead and zinc are already classified as materials essential to the national security, and, therefore, with this particular section left in the bill he will have this greater power in discussing the problems with the Department of State, among other agencies, to make sure that these vital industries shall not be further injured.

It is very interesting, Mr. President, to note that if the President had taken the tariff route to the solution of this problem the greatest increase he could have made in the tariff on zinc would have been 1.4 cents a pound. Under this program it has gone up 2¾ cents a pound.

On lead the greatest increase would have been 1.487 cents a pound. Lead has gone up 2.5 cents a pound.

We have not interfered seriously with our relations with our neighbors to the north and south, and yet we have been able to supply a much firmer foundation for our domestic industry.

In the committee I proposed an amendment which would have placed an import tax on importations of zinc and lead. In the case of zinc there would be a tax of 2 cents whenever the price dropped below 13 cents. In the case of lead there would be a tax of 2 cents whenever the price dropped below 15 cents.

The chief virtue was that the program was flexible, so that it could be called into action when it seemed to be needed. On the other hand, it seems to me, after reviewing the situation, that the President's present program—and I should like to remind Senators that it was called into being as the result of an escape-clause investigation by the Tariff Commission—is actually more effective than would be the program which I originally proposed.

The stockpiling program is flexible. It can be called into action very quickly whenever it is needed. When its support is not needed, it can easily be discontinued.

There are a number of other programs which are in operation already for the benefit of these and other mineral industries. There is the Defense Minerals Exploration program. It is interesting to note that thus far——

The PRESIDING OFFICER. The time of the Senator from Utah has expired.

Mr. KNOWLAND. Mr. President, I yield 5 additional minutes to the Senator from Utah.

Mr. BENNETT. I thank the Senator from California.

Mr. President, it is interesting to note that this project has developed 723 separate programs, of which 161 refer to lead and zinc alone, and 44 to lead, zinc, and copper. There are approximately 200 exploration programs to discover more resources of these metals in the United States. Twenty-one million dollars has been spent by the Federal Government in the overall defense minerals exploration project. Of that amount, $9 million, or approximately half, has been spent for lead, zinc, and copper.

I am certain that Senators are familiar with the fact that the Geological Survey and the Bureau of Mines are working constantly to improve the methods of mining and the methods of discovering ore, and also the methods of extracting the ore.

On August 20, 1954, President Eisenhower directed the Secretary of State to take action which would make sure that foreign nations would not take unfair advantage of the United States Government stockpile buying program. It can be expected that he will keep a steady pressure on foreign countries in this regard, and the new power given ODM by the bill provides an additional authority which foreign producers cannot fail to recognize as being a potent weapon behind Mr. Dulles' requests for cooperation in limiting shipments of lead and zinc to the United States.

Such measures already have been taken, and the result, in part, is the comparative leveling off of imports of both these metals. This will have a cumulative beneficial effect on the entire domestic industry.

When we consider these programs in conjunction with the continuation of the stockpiling program, which is now assured for another 20 months, I think we can be certain that, as a result of the escape-clause procedure, the President has been able to develop a program which will be of substantial benefit to an industry which is vital to our national security.

I was willing to withdraw my amendment, which would have provided for the excise import tax, in the face of the demonstrated determination of the President, through his administrative powers, to protect our vital industry.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. BENNETT. I yield.

Mr. BARKLEY. I think the Senator from Utah will recall that during the consideration of the bill in the Committee on Finance, I offered an amendment dealing with the mineral known as fluorspar, which is mined in western Kentucky, southern Illinois, Colorado, and Utah. There was a time when southern Illinois and western Kentucky had a monopoly on the production of this mineral, which is essential in the production of aluminum, steel, and other hard metals.

Discoveries of this metal in Mexico and Canada have brought about a situation whereby at this time approximately 62½ percent of our domestic consumption is imported. This results in a terrific impact upon our domestic fluorspar industry. It is not a large industry, as industries go, but it is an essential industry.

When the amendment in the bill was offered as a substitute for all the commodity amendments, including lead, zinc, fluorspar, and other commodities, I voted, as the Senator from Utah may recall, against the substitution of that amendment for all the others. But when it was agreed to as a substitute, I voted for it as a part of the bill.

Did the Senator from Utah have any conversation with the Defense Mobilizer in regard to the commodity of which I am speaking, or did he limit his conversation or correspondence to zinc and lead? Inasmuch as his State is interested in the fluorspar industry, small as it may be, does the Senator have any assurance from the Defense Mobilizer that the same sort of treatment will be accorded this mineral, which is so essential to the national defense?

Last August the Committee on Finance asked the Tariff Commission to make an investigation and report upon the status of this industry. The Commission has not yet done so. I am, of course, concerned about it, because although the industry is a small one, it is one of the most essential industries to the national defense, in the entire mineral field.

What can the Senator from Utah say by way of reassurance to those who are interested in this commodity, in regard to the action of the Defense Mobilizer and the President as it may affect the defense requirements of the Government in that field?

Mr. BENNETT. I did not speak with the officials in the ODM in as much detail with regard to fluorspar, but these comments were made: First, lead and zinc are officially in the hands of the ODM as a result of the escape clause provision and a reference from the President. If section 7 (b) is enacted, then it will be possible for the fluorspar industry to go directly to the ODM. If it can establish its essentiality, I think there is every likelihood that some such pattern as that which has been adopted for lead and zinc will be adopted for fluorspar.

The PRESIDING OFFICER. The additional time of the Senator from Utah has expired.

Mr. BARKLEY. Mr. President, will the distinguished Senator from Massachusetts yield an additional 2 minutes of his time, so that I may pursue this colloquy with the Senator from Utah?

Mr. SALTONSTALL. I yield an additional 2 minutes to the Senator from Utah.

Mr. BARKLEY. Does the Senator from Utah have any doubt that the fluorspar industry can establish its essentiality, in view of the unanimous testimony to the effect that fluorspar is an indispensable ingredient in the manufacture of hard substances such as steel and aluminum?

Mr. BENNETT. I have no doubt; but, of course, I am not the one to whom the application for consideration must come.

Mr. BARKLEY. I understand that.

Mr. BENNETT. My friends at ODM told me, with a smile, that they were sure that as soon as the bill had been enacted, there would be 500 or 600 industries knocking on their door for consideration. I do not think it would take ODM very long to determine that the fluorspar industry is one which must be protected. The ODM protected lead and zinc under a program built basically around the stockpiling.

As I understand the bill, the ODM will have at their command the entire scope of tariffs, quotas, restrictions, stockpiling, and any other variation of these programs in order to protect a particular industry, and to meet its particular needs.

Mr. BARKLEY. I hope the smile referred to by the Senator will not turn into a grin or a smirk.

Mr. BENNETT. No; the smile indicated, I think, that those men were bracing themselves somewhat in anticipation of the impact they knew would hit them as soon as the bill had been passed. In fact, it was suggested that if the bill should be passed, I had better be prepared to receive requests for larger appropriations for ODM, so that they could deliver the kind of material which will be needed to take care of the program.

Mr. BARKLEY. I thank the Senator from Utah.

The PRESIDING OFFICER. The time of the Senator from Utah has expired.

Mr. DIRKSEN. Mr. President, will the Senator from Massachusetts yield 1 minute to me, so that I may comment on the subject just discussed by the Senator from Utah and the Senator from Kentucky?

Mr. SALTONSTALL. I yield 1 minute to the Senator from Illinois.

Mr. DIRKSEN. Apropos the remarks made by the Senator from Kentucky, I doubt whether there is an industry in the United States that has been so devastated as has been the fluorspar industry. To be sure, it is a small industry. I think its normal complement is probably 3,000 persons.

I have contemplated submitting an amendment for their relief; but after talking with Arthur Flemming and getting his assurances that he intends to assign top-flight men to the work and that he will expedite every application which is made, I think I am content to abide with the result and to see what will happen.

I emphasize the fact that I know of no other industry which has been so devastated by imports from Spain, Canada, Mexico, and elsewhere. As a matter of fact, the shipments this year are roughly about 23 percent of the normal shipments and production on the 1950 basis.

While the fluorspar industry is a small one, it deserves, as even every other industry deserves, the solicitude and consideration of Congress.

Mr. SALTONSTALL. Mr. President, I yield 5 minutes to the distinguished Senator from Colorado.

Mr. MILLIKIN. Mr. President, the immediate question before the Senate is the amendment offered by the senior Senator from Illinois [Mr. DOUGLAS] to abolish the peril-point provision of the reciprocal trade law.

First, the matter was never even suggested before the Senate Committee on Finance. No such thought was advanced there, and it was never considered. The bill was reported preserving the peril-point provision and the escape clause.

I may say also that the companion bill, which has not been presented by the Senator from Illinois, would abolish the escape clause.

The only way in which we can have a reciprocal trade law that will safeguard American producers from injury is via the escape clause and via the peril point. The peril point serves one-half of the problem. The point is that we shall not make agreements which show in advance that they will go beyond the point which our industries could bear without injury.

The peril point provision is complemented by the escape clause, so that if certain industries should be injured, if the judgment given was insecure and bad when a certain agreement was made, such industries could escape from it.

Those are the two provisions in the whole act which prevent American industry from being injured and destroyed. I think it would be cataclysmic to eliminate either one of the provisions, or one of them at a time. To eliminate the peril point would put an undue burden on the escape clause procedure. There would be too many actions under the escape clause provision. To eliminate the escape clause but retain the peril point provision would leave us with a sterile procedure to protect ourselves.

I earnestly hope the amendment will be decisively defeated. The procedure has been part of our law for many years. I think it has been uinversally regarded as a good part of the law. In any event, there has to be something on the statute books—and this is it—to safeguard American industry from injury.

The fact that we have decided there shall be no injury to our industry is no longer a political question.

I earnestly urge my associates to defeat the amendment decisively.

Mr. BARKLEY. Mr. President, will the Senator from Massachusetts yield me 3 minutes?

Mr. SALTONSTALL. I yield 3 minutes to the Senator from Kentucky.

Mr. BARKLEY. Much as I admire the Senator from Illinois, I feel compelled to vote against the amendment. When the Trade Agreements Act was passed in 1934, it contained no peril point provision. In the extension of 1951, the peril point provision was included, and it has been a part of the law since.

My honest opinion is that we would not be able now to pass any sort of bill without the peril point provision in it, and if the pending amendment should be adopted and the peril point provision should be stricken from the bill, the bill itself would in all likelihood not pass.

Whatever one may think of the peril point provision, I believe it is better to pass the bill with that provision retained than to strike it out and run the risk of the bill not passing.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. BARKLEY. I yield.

Mr. JOHNSON of Texas. I desire to associate myself with the statement of the Senator from Kentucky. If the amendment of the Senator from Illinois should be adopted, I think the bill would fail, go back to the committee, and we would have no reciprocal trade bill passed this year. That is all I have to say about it.

Mr. SALTONSTALL. Mr. President, I yield back the time remaining to the opposition to the amendment.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Bender	Butler
Allott	Bennett	Byrd
Anderson	Bible	Capehart
Barkley	Bricker	Carlson
Barrett	Bridges	Case, N. J.
Beall	Bush	Case, S. Dak.

Clements	Jackson	O'Mahoney
Cotton	Jenner	Pastore
Curtis	Johnson, Tex.	Payne
Daniel	Johnston, S. C.	Potter
Dirksen	Kefauver	Purtell
Douglas	Kerr	Robertson
Duff	Kilgore	Russell
Dworshak	Knowland	Saltonstall
Eastland	Kuchel	Schoeppel
Ellender	Langer	Scott
Ervin	Lehman	Smathers
Flanders	Long	Smith, Maine
Frear	Magnuson	Smith, N. J.
Fulbright	Malone	Sparkman
George	Martin, Iowa	Stennis
Goldwater	Martin, Pa.	Symington
Gore	McCarthy	Thurmond
Green	McClellan	Thye
Hayden	McNamara	Watkins
Hickenlooper	Millikin	Welker
Hill	Monroney	Wiley
Holland	Morse	Williams
Hruska	Mundt	Young
Humphrey	Neely	
Ives	Neuberger	

The PRESIDING OFFICER. A quorum is present.

The question is on the amendment offered by the Senator from Illinois [Mr. DOUGLAS]. The yeas and nays having been ordered, the clerk will call the roll.

The Chief Clerk called the roll.

Mr. CLEMENTS. Mr. President, I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], and the Senators from Montana [Mr. MANSFIELD and Mr. MURRAY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent by leave of the Senate because of illness.

I announce, further, that, if present and voting, the Senator from Massachusetts [Mr. KENNEDY] and the Senator from Montana [Mr. MANSFIELD] would vote "nay."

The result was announced—yeas 9, nays 82, as follows:

YEAS—9

Douglas	Gore	Kefauver
Eastland	Hill	McNamara
Fulbright	Humphrey	Sparkman

NAYS—82

Aiken	Frear	Morse
Allott	George	Mundt
Anderson	Goldwater	Neely
Barkley	Green	Neuberger
Barrett	Hayden	O'Mahoney
Beall	Hickenlooper	Pastore
Bender	Holland	Payne
Bennett	Hruska	Potter
Bible	Ives	Purtell
Bricker	Jackson	Robertson
Bridges	Jenner	Russell
Bush	Johnson, Tex.	Saltonstall
Butler	Johnston, S. C.	Schoeppel
Byrd	Kerr	Scott
Capehart	Kilgore	Smathers
Carlson	Knowland	Smith, Maine
Case, N. J.	Kuchel	Smith, N. J.
Case, S. Dak.	Langer	Stennis
Clements	Lehman	Symington
Cotton	Long	Thurmond
Curtis	Magnuson	Thye
Daniel	Malone	Watkins
Dirksen	Martin, Iowa	Welker
Duff	Martin, Pa.	Wiley
Dworshak	McCarthy	Williams
Ellender	McClellan	Young
Ervin	Millikin	
Flanders	Monroney	

NOT VOTING—5

Chavez	Kennedy	Murray
Hennings	Mansfield	

So Mr. DOUGLAS' amendment was rejected.

Mr. NEELY. Mr. President, I offer an amendment.

The PRESIDING OFFICER. The amendment submitted by the Senator from West Virginia will be stated.

The CHIEF CLERK. On page 13, in line 21, it is proposed to strike out "a new subsection, as follows," and to insert "the following."

On page 14, in line 9, it is proposed to strike out the quotation marks.

On page 14, after line 9, it is proposed to insert the following:

"(c) The total quantity of crude petroleum and petroleum products (including oil for supplies for vessels at United States ports but excluding oil for manufacture and reexport) which may be imported into the United States in any calendar quarter of any year shall not exceed 10 percent of the total domestic petroleum demand (as determined by the U. S. Bureau of Mines) for the corresponding quarter of the previous year: *Provided*, That the total quantity of residual fuel oil which may be imported into the United States for consumption therein in any calendar quarter of any year shall not exceed 10 percent of the domestic demand for residual fuel oil (as determined by the U. S. Bureau of Mines) for the corresponding quarter of the previous year: *Provided further*, That the quotas established under this subsection may be suspended by the President during any period in which he finds that fuel supplies are inadequate to meet current national consumption.

"(d) The provisions of this section shall be effective notwithstanding the authority granted in section 350 of the Tariff Act of 1930, as amended, or any foreign trade agreement to which the United States is a party."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. NEELY].

Mr. NEELY. Mr. President, on this amendment I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. NEELY. Mr. President, the eulogies on the glories of the Reciprocal Trade Agreements Act, and the millennium which the hopelessly deluded expect it to usher in, have been heard with more patience than pleasure, more charity than credulity and more despondency than hope.

A distinguished son of Pilgrim parents, upon presenting himself to the conference which was to determine whether he was qualified to be a Congregational clergyman, was asked the orthodox question, "Are you willing to be saved by consenting to be damned for the glory of God?" The candidate replied: "No, Mr. Moderator; but I am perfectly willing that you should be." I am equally willing that our Utopian free trade dreamers—all and singular—may impoverish themselves to their hearts' content in order to increase the lush prosperity of Venezuela and a few giant cartel oil importing companies. But it is my irrevocable determination to do everything in my power to prevent the cartelists, the Utopians and all other economic dunderheads from bankrupting the capital, pauperizing the labor and generally distressing the people of West Virginia and the Nation for the benefit of any other land on earth.

The justification for my determination was demonstrated, or at least indicated by an illustration which I submitted to the Senate earlier today. Its subject was the Nation's seven glass marble factories, six of which are situated in West Virginia. As pointed out in that illustration, these six factories are in process of liquidation, and will, on or before the first day of next July, close down forever. The sole cause of the impending destruction of this once prosperous and profitable business is the irresistible competition of Japanese marbles, which are now being sold throughout this country for less than the labor cost of making them in the United States.

Before a Senate subcommittee on unemployment, of which it was my privilege to be the chairman, it was recently proved that the wage of one glassworker in the United States is equivalent to that of nine glassworkers in Japan. Common sense proclaims from the housetop that in these circumstances it would be as impossible for us successfully to compete with Japanese marbles or any other Japanese glassware as it would be for a camel to go through the eye of a needle, or for a leopard to change its spots.

From a vast flood of imported oil which the pending amendment is designed justly and appropriately to reduce, the coal, independent oil and railroad industries of the Nation are, after the manner of the glass marble industry, suffering impoverishing losses and irreparable injuries—some of which will presently be made so plain that the wayfaring man will not misunderstand them, the thoughtful man will not disregard them, and the patriotic man will not continue to endure them in silent submission.

A fervent hope of obtaining indispensable Republican support for the amendment impels me to remind the Senators on the other side of the aisle of their party's venerable position on tariff and protection, as frequently, uniformly and vigorously proclaimed by its national conventions. Distinguished Republicans, please harken to the following from your platform of 1860, the one on which Abraham Lincoln was elected President of the United States:

"While providing revenue for the support of the general government by duties upon imports, sound policy requires such an adjustment of these imposts, as to encourage the development of the industrial interests of the whole country."

Thus was christened the Republican tariff babe which, after its maturity, rendered seventy-five years of honorable and successful service, and which is now about to be put to death by the present occupant of the White House and his adherents on Capitol Hill.

The Republican platform of 1888 contains the following:

"We are uncompromisingly in favor of the American system of protection; we protest against its destruction as proposed by the President and his party." (Obviously meaning Grover Cleveland and the Democratic Party.)

Next consider the ringing language of the Republican platform of 1896:

"We renew and emphasize our allegiance to the policy of protection as the bulwark of American industrial independence and the foundation of American development and prosperity. This true American policy taxes foreign products and encourages home industry."

The vote on the pending amendment will show how many Republican Senators still loyally stand by their formerly cherished protective "bulwark" and how many of them have ignominiously deserted to the Eisenhower free trade bull.

The 1900 Republican platform protection assurance is in these words:

"We renew our faith in the policy of protection to American labor. In that policy our industries have been established, diversified, and maintained."

Four decades later the Republican Party vigilantly learned of the peril of unfair competition, and consequently in its 1940 platform it commendably declared:

"We are threatened by unfair competition in world markets and by the invasion of our home markets, especially by the products of state-controlled foreign economies."

Let those Senators, who still profess allegiance to the "Grand Old Party", heed the distressing fact that no threat of unfair competition to American industry fifteen years ago was half as alarming as the reality of the present devastating competition of imported oil with our languishing coal industry, or of the cutthroat competition of imported pottery, glassware and clothespins with similar commodities made in the fullness of profusion and perfection by American labor for American employers who pay the highest wages in the world.

It is my hope that a sufficient number of those present will support the request which will later be made for the ayes and noes on my amendment, in order that today's RECORD may show how much of the historic Republicanism of the great Lincoln, the prudent McKinley, and the crusading Theodore Roosevelt still survives, and how much of it the Eisenhower administration has banished to the limbo from which there is no return.

During the debate some Democratic Senators have unfortunately gone farther on the road toward tariff annihilation than Grover Cleveland, William L. Wilson or their disciples ever went. But still more unfortunately Republican Senators are now outrunning our fleetest-footed Democratic statesmen in the mad race toward the Eisenhower free trade abyss.

The most amazing and insolvable riddle of the age is stated in the question, "What justification or excuse is there for the shameful desertion by Republican Senators of the 'Grand Old Party's' fundamental principle of protection, upon which it kept itself in power for record-breaking periods during the past ninety-four years?"

In the absence of explanation, light, more lurid than lustrous, may be shed on this protective apostasy by means of comparing the Republican statesmanship of the present with that of the authors of the various Republican platform pledges which have been read to the Senate this afternoon.

Please consider those who are now clamoring for the surrender by the Congress of the power to determine tariff rates to one who did not know whether he was a Republican or a Democrat until he was 59 years old; to the most extravagantly overpublicized man the world has ever seen; the man who now—

Bestrides the narrow world
Like a Colossus; while petty men
Walk under his huge legs, and peep about
To find themselves dishonorable (party) graves.

A momentary view of the Republican Party, in its present appalling decadence, must impel thoughtful men to cry out to it:

Ancient of days! (followers of Lincoln) where,
Where are thy men of might? thy grand in soul?
Gone—glimmering through the dream of things that were:
First in the race that led to Glory's goal,
They won, and passed away—is this the whole?
A schoolboy's tale, the wonder of an hour!
The warrior's weapon and the sophist's stole
Are sought in vain, and o'er each mouldering tower,
Dim with the mist of years, gray flits the shade of power.

My dear Republican friends, please mark this prediction. Those of you who vote against the pending amendment designed to relieve and protect tens of thousands of impoverished, jobless men, suffering women and hungry little children will be voting to bury the Republican Party in a grave so wide and dark and deep that Gabriel will never resurrect it with his trumpet.

Mr. President, the sole and simple purpose of the amendment before the Senate is to exterminate an unemployment cancer. Let me speak from testimony recently presented to a Senate subcommittee of which it was my privilege to be the chairman. It held many hearings on unemployment since the first of March. More than 50 witnesses testified. On-the-spot investigations were made in Altoona, Pa., Pikeville, Ky., and Williamson, W. Va. What did we find in the great Commonwealth of Pennsylvania? Witness after witness testified that the unemployment distress in the coal fields of that State was worse in March 1955 than it was at any time during the period from 1929 to 1933, commonly known as the Hoover depression.

We found that in Pennsylvania 9 7/10 percent of all the people are now existing on surplus food commodities supplied by the Federal Government.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. NEELY. I yield.

Mr. DOUGLAS. I warn my good friend from West Virginia to be very careful in what he says, because if he keeps repeating figures like that, Mr. Leonard W. Hall will accuse him of being a prophet of gloom and doom.

Mr. NEELY. Let me assure the distinguished Senator from Illinois that nothing that either Mr. Hall or the one-party press has said or may say will deter me from expressing my opinion of the agonizing conditions which now exist in every coal-producing area in the United States.

(At this point Mr. NEELY yielded, to enable the Senate to greet the Honorable Joe J. Foss, Governor of the State of South Dakota. The proceedings in connection with the Governor's visit appear at another point in the RECORD under the appropriate heading.)

Mr. NEELY. Until 3 months ago West Virginia had the deplorable reputation of having more unemployment distressed areas than any other State in the Union. But recently Kentucky moved ahead of West Virginia in the unemployment parade, and more than 13 percent of all the people of the "Blue Grass" State were at the time of our Pikeville hearing keeping their souls and bodies together with the doles granted them by the Federal Government.

One of the Kentucky witnesses, a miner who is the father of fifteen children, testified concerning his long-continued unemployment and the impossibility of finding work. But he philosophically and heroically said that perhaps he should not complain because one of his near neighbors had, in addition to being pauperized by enforced idleness, been robbed by death of his only child. The heartbroken father carried his dead baby in his arms to a humanitarian undertaker who, without money or price, appropriately performed the last sad services for the little one who had gone from the scene of her destitution and suffering to her long home.

Thirty-three miles from Pikeville, at Williamson, W. Va., another unemployment hearing was held. The distress there was similar to that found in Kentucky and Pennsylvania. Newspapers had lost some of their most desirable advertisers; every species of business dependent upon miners' wages was depressed. There we were again told that the suffering caused by unemployment was greater than it had been at any time between 1929 and 1933. But Williamson is only one of many places in West Virginia where poverty and anguish caused by enforced idleness are greater than human beings should ever be compelled to endure.

The year preceding the beginning of the Eisenhower administration the number of West Virginians who, because of unemployment or any other reason, were certified as eligible for surplus Federal food products averaged fewer than 12,000 a month. But a short time after General Eisenhower's inauguration, the 12,000 rose to 30,000 a month. Thereafter the number progressively increased until last month when those dependent upon surplus Government food supplies in West Virginia had increased to the astronomical number of two hundred fifty-three thousand.

Mr. President, according to undisputed testimony before our subcommittee, the agonizing unemployment in the coal fields of Pennsylvania, West Virginia, and Kentucky and 16 or 17 other States in the Union has been caused largely by imported residual and other fuel oil.

At the present rate of importation, this year's flood of foreign fuel oil will displace a quantity of American coal so vast that it would require a freight train more than 7,000 miles long to transport it. A fourth of the distress caused by the nonproduction of this coal was suffered by West Virginia, which for a third of a

century has been the greatest coal-producing State in the Union.

Imported oil is depriving our domestic oil industry of hundreds of millions of dollars a year. In the mining regions, merchants, butchers, bakers, grocers, and all others engaged in commercial or industrial enterprises are suffering heavy losses. Those attributable to imported oil during the present year are conservatively estimated as follows: The coal operators will lose $165 million; the railroads $94 million; coal miners $84 million; railroad workers $47 million; and Federal, State, and local governmental agencies will lose $43 million in taxes.

If you think there is no unemployment agony in this country, go to the West Virginia, Pennsylvania, and Kentucky coal fields and see the ghost towns which were once the homes of prosperity and happiness; see the modern breadlines, and the crowds waiting for their Government doles; hear the harrowing stories of men vainly begging for work, women without sufficient clothing to wear to church, and children crying for bread.

Mr. DOUGLAS. Mr. President, will the Senator from West Virginia yield for a question?

Mr. NEELY. I yield.

Mr. DOUGLAS. I take it the Senator is referring to the distribution of surplus food.

Mr. NEELY. That is correct.

Mr. DOUGLAS. Which is limited, is it not, to virtually dairy products and some vegetables?

Mr. NEELY. That is true.

Mr. DOUGLAS. And the administration has refused to process surplus wheat into flour to be made into bread, so that, in effect, it has denied bread to those who are unemployed, and has said, "Let them eat cheese instead."

Mr. NEELY. That is a fact. When the Senators vote on the pending amendment let them remember what the able Senator from Illinois [Mr. DOUGLAS] has just said about bread.

And let them not forget Woodrow Wilson's reminder that the very first supplication of the Lord's Prayer is "Give us this day our daily bread." Bread is now, as it always has been and always will be, indispensable to civilized women, children and men.

Let it be understood, beyond the possibility of a doubt, that the amendment is not designed to prohibit the importation of crude and residual oil, but simply to provide reasonable limits to the amount of such oil that can be dumped upon our shores.

Mr. President, there have been three notable floods in the history of the world. The first was the deluge. Noah warned that it would occur, had enough sense to build an ark, by means of which he, his wife and six other members of his family were saved. All others then on earth, having foolishly failed to provide for their safety, were buried alive in watery graves.

The next most shocking flood was that which occurred on the thirty-first of May, 1889, at Johnstown, Pennsylvania. A few minutes before this tragedy occurred, John G. Parke, a railroad engineer immortalized himself by galloping down the Conemaugh Valley, shouting at the top of his voice: "The dam is breaking away. Run to the hills."

The people ignored their impending danger. A few minutes later 2,000 persons were hurled into eternity, and more than twelve million dollars worth of property was destroyed, as the result of failure to heed a timely warning.

The third great flood is the present one of imported residual and fuel oil. In terms of human suffering and financial loss, this oil flood defies accurate or even approximate appraisal.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. NEELY. I yield.

Mr. LANGER. Does the distinguished Senator from West Virginia know that that situation is prevalent not only in the States he has named? I have received resolutions adopted by various chambers of commerce in North Dakota, a State which has large lignite coal fields. The situation in that region is very similar to the one described by the Senator as existing in West Virginia.

I want the Senator from West Virginia to know that I shall support his amendment. I hope we may have a yea and nay vote on it and that it will be agreed to, because it is certainly needed to relieve the condition he has so ably described.

Mr. NEELY. Let me thank the distinguished Senator from North Dakota. In all the years I have known him, he has never failed to improve an opportunity to vote for humanity. Today he has, as usual, taken his stand with those who are fighting for the unemployed men, the destitute women and the hungry children of the stricken industrial areas of the nation.

When we vote on the pending amendment, let us remember not the billion-dollar corporations that are making vast sums out of their oil-dumping operations; not Venezuela which is now one of the most prosperous countries in the world; not some fabulously oil-rich Asiatic land ten thousand miles away. No, let us, on the next roll call, patriotically remember our own country, and faithfully serve our own people by voting to relieve their unemployment, their poverty and their distress. This day we can not serve both God and mammon. But by voting for the Creator's suffering humanity we can and will serve our God.

VISIT TO THE SENATE BY GOVERNOR FOSS, OF SOUTH DAKOTA

During the delivery of Mr. NEELY'S speech,

Mr. CASE of South Dakota. Mr. President, will the Senator from West Virginia yield to me briefly?

Mr. NEELY. I yield briefly to the able Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, I am sure Senators will be interested to know that there is on the floor of the Senate the distinguished Governor of South Dakota. So far as I am aware, he is the only governor of a State who is the holder of the Congressional Medal of Honor. I refer to the gentleman who is sitting at my right.

Gov. Joe Foss was the first ace of World War II, and was awarded the Medal of Honor for his achievements as a combat flier and leader of squadrons in the United States Marine Corps in the tough touch-and-go early battles of World War II in the southwest Pacific.

As Senators know, the Medal of Honor is our highest citation and is awarded in the name of Congress to a person who, in action involving actual combat with the enemy, or in the line of his profession, distinguishes himself conspicuously by gallantry and intrepidity at the risk of his life over and beyond the call of duty and without detriment to his mission. This is the first visit of Governor Foss to Washington since he became Governor of South Dakota.

Mr. President, with the consent of the Senate, I shall insert at this point in the RECORD the official citation by which Governor Foss was awarded the Medal of Honor. I may say that he also has been awarded the Distinguished Flying Cross of the Navy. His citation for the Medal of Honor reads as follows:

JOSEPH JACOB FOSS, CAPTAIN, USMCR

(Born April 17, 1915, Sioux Falls, S. Dak. Appointed from South Dakota. Other Navy awards: Distinguished Flying Cross.)

"For outstanding heroism and courage, above and beyond the call of duty as executive officer of Marine Fighting Squadron 121, First Marine Aircraft Wing, at Guadalcanal. Engaging in almost daily combat with the enemy from October 9 to November 19, 1942, Captain Foss personally shot down 23 Japanese planes and damaged others so severely that their destruction was extremely probable. In addition, during this period, he successfully led a large number of escort missions, skillfully covering reconnaissance, bombing and photographic planes as well as surface craft. On January 15, 1943, he added three more enemy planes to his already brilliant successes for a record of aerial combat achievement unsurpassed in this war. Boldly searching out an approaching enemy force on January 25, Captain Foss led his 8 F4F Marine planes and 4 Army P-38's into action and, undaunted by tremendously superior numbers, intercepted and struck with such force that 4 Japanese fighters were shot down and the bombers were turned back without releasing a single bomb. His remarkable flying skill, inspiring leadership, and indomitable fighting spirit were distinctive factors in the defense of strategic American positions on Guadalcanal."

I am sure Members of the Senate wish me to say that we are honored to have such a distinguished holder of the Congressional Medal of Honor as the guest of the Senate.

[Applause, Senators rising.]

Mr. CASE of South Dakota. Mr. President, I thank the Senator from West Virginia for yielding to me so that I might introduce the Governor of South Dakota.

Mr. NEELY. Let me welcome the distinguished Medal of Honor Governor of South Dakota to the Senate Chamber.

Governor, we sincerely thank you for the great service you have rendered your country. We hope that you will come to see us often and stay with us long. But, with deep regret, I am compelled to observe that you will not find any Senators on the other side of the aisle who will ever get a Medal of Honor for being Lincoln Republicans or perpetuating the Lincolnian philosophy. Indeed, there

are manifest reasons for believing that a majority of those on the other side of the aisle will, by their vote on the pending amendment to the Reciprocal Trade Agreement Act, completely disentitle themselves to membership in the great political party, which the illustrious Lincoln once made priceless to the nation, and an inspiration to the world. [Laughter.]

EXTENSION OF TRADE AGREEMENTS ACT

The Senate resumed the consideration of the bill (H. R. 1) to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

Mr. NEELY. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from West Virginia has 22 minutes remaining.

Mr. NEELY. I yield to the distinguished Senator from Oklahoma [Mr. KERR] such time as he may desire.

Mr. KERR. Mr. President, I rise to speak in support of the amendment of the distinguished Senator from West Virginia [Mr. NEELY]. The amendment is consistent with the principle of reciprocal trade. It is designed to make certain that the reciprocal trade policy will be a great benefit to friendly nations in the free world, but will not become a penalty, a burden, or a discrimination against domestic industry.

I think as we regard the so-called Neely amendment, we should recognize that the same principle applies not only to the importation of crude oil and residual oil, to the detriment of local producers of coal and oil, but that it applies also, with equal force, to the lead and zinc industry, to the fluorspar industry, and to other industries engaged in the production of resources at home which contribute to our own economy, which are necessary national defense items in time of war, and which cannot compete with cheap foreign products.

In the limited time available to me, I wish to call the attention of the Senate to a few basic facts. First, 7 companies throughout the world, of which 5 are American, control or own 90 percent of the known oil reserves of the free world. Five of those companies, American companies, find themselves in the position that about 85 percent of their reserves are foreign-owned reserves and 15 percent are domestic-owned reserves.

The importation of oil, Mr. President, is being carried on at this time, and increasing rapidly for the following reasons: It costs on the average about $1.75 to $2.50 a barrel to find and produce oil in the continental United States. It costs less than 25 cents a barrel to find and produce oil in the Middle East and put it on board a tanker. And in that area, Mr. President, is contained about 80 percent of the known oil reserves of the free world.

What does that mean? The average well in the Middle East, costing no more than the average well in the United States, whether it be in Texas, North Dakota, Arkansas, or West Virginia, produces an average of 10,000 barrels a day, under proration, or partly shut in. The average well in Oklahoma produces 7 barrels a day. The average well in the United States, either because of partial depletion or low initial production or proration, produces less than 12 barrels a day.

What chance is there in wide open competition for the American producer who has to pay from $1.75 to $2.50 a barrel to find and produce his oil, when the average producer in the Middle East can put his oil on a tanker at from 20 to 25 cents a barrel?

The opponents of this amendment say that the amendment added to the bill by the Finance Committee of the Senate is effective. It is based on a report of the President's Cabinet Fuels Committee. That Cabinet committee report is in the record and is part of the committee report on the bill. It is the opinion of that Cabinet committee that any appreciable increase in the rate of imports above the rate last year would impair the national defense.

We have been told that, under the amendment reported by the committee and attached to the bill, a cooperative program will be worked out; that either the importers will agree or the administration will put in motion machinery to compel the limitation of imports on the basis of last year's importations.

Mr. President, representatives of the companies who do the importing said on the witness stand that they knew of no way to bring about effective limitations on imports in the absence of legislation, and the record bears that out, because already, in the first quarter of this year, importations were running from 20 to 25 percent above those of a year ago, and in many weeks in the first quarter the daily importation was as much as 40 percent above what it was a year ago.

How can an agreement or a proposal or a request be depended upon when it is implemented or put into effect during the time legislation is under consideration to bring it about by action of the Congress?

Moreover, when was it appropriate or wise to depend upon persons beyond the reach of the Congress or the administration to put into effect by agreement that which was required for the national defense when it is the bounden constitutional duty of the Congress of the United States by legislation to provide the requirements with respect to commodities involving, and necessary to, the national defense?

My great friend from Illinois made a powerful speech today, in which he set forth that the Congress should delegate this duty to the President because the Congress has not the guts to meet its constitutional duty; that Congress cannot stand the pressure, and it should delegate the authority to the President of the United States. Who would then have to withstand the pressure? The Secretary of State, John Foster Dulles.

I must say that, Republican though he be, I respect his integrity; but the only men who have had more to say about his instability than those on this side of the aisle have been Senators on the other side of the aisle. They did not wait for former President Harry Truman to come to Washington and refer to the foreign policy of our Government as being based on trickery. Right here on the floor of the Senate I heard an interchange a few weeks ago between the distinguished Senator from California [Mr. KNOWLAND], the distinguished Senator from New Hampshire [Mr. BRIDGES], the distinguished Senator from Minnesota [Mr. HUMPHREY], and the distinguished Senator from Montana [Mr. MANSFIELD]. They stated to the Senate, to the United States, and to the world that they were shocked and astounded at the instability of the Secretary of State. He had said on a certain Monday that under no circumstances would the papers on the Yalta Conference be released, because the release of such papers would impair the security of our Nation and our relationship with our allies. At that very moment, it later developed, he was in the process of leaking a copy of those papers and that report to a great newspaper.

The Senator from California and the Senator from New Hampshire said they were shocked. The Senator from Minnesota and the Senator from Montana said they were astounded at such irresponsibility in high places, Mr. President. Yet, it is proposed in the Senate to transfer and delegate the authority and responsibility of the Congress to John Foster Dulles, because we have not the intestinal fortitude to withstand pressure.

A week ago Saturday, I believe it was, the Department of State announced to the world that under no circumstances would this Government consult or negotiate with Chou En-lai, of Red China, unless our cherished ally Chiang Kai-shek was present. That news went around the world, but the echoes of it had not ceased to reverberate before John Foster Dulles, after a little pressure and a few cheers at a National Press Club address delivered by the great dean of the Senate, the Senator from Georgia [Mr. GEORGE], said we would meet Chou En-lai anywhere and negotiate with him alone.

Pressure? There is not a page employed by the Senate who has not more fortitude to withstand pressure than has John Foster Dulles. Yet we are asked to let the future welfare and employment of tens of thousands of coal miners, of lead and zinc miners, of oil field workers, and, indeed, the welfare of the economy of half the States of the Union, be dependent upon the ability of John Foster Dulles to withstand pressure.

Go tell the coal miners of Kentucky they have nothing to worry about, for the great John Foster Dulles will stand like Horatius at the bridge and defend them. Of course, it would be the first time that he ever did, but tell them to let him do it now.

Mr. President, I believe in reciprocal trade. I believe in it as a two-way street. I believe in it as carrying out the function and responsibility of the Congress of the United States.

The President and Mr. Dulles have said this trade program is now an instrumentality of peace; and I think it should be used as such by the Congress. But I wish to state that in the hands of

the present administrators, this program is an instrumentality of profits. Let Senators examine the profit-and-loss statements of the five importing oil companies. Together, last year they made approximately $1 billion, after taxes; and 75 percent of that profit was made upon oil imported into the United States, at the expense of the domestic market.

We are told, "You have to create purchasing power for Venezuela."

Mr. President, we do not seek to impair Venezuela's opportunity to import. We simply do not wish to permit her to take up all the increase and to continue to push out of business the domestic companies which are supplying the present market for our coal and for our oil products.

With reference to purchasing power, I wish to say that every dollar's worth we add to the purchasing power of Venezuela, we take from Kentucky or Virginia or West Virginia or Oklahoma or Texas or North Dakota or some of the other States which produce oil or coal. We do not create new purchasing power when we transfer it from a domestic producer to a foreign producer. We simply transfer it 100 percent, and hope we shall get back a considerable percentage.

Mr. President, that provision of the bill is inadequate, both from the standpoint of the health of our domestic economy and from the standpoint of our national security.

I wish to ask Senators where this country would be in case of a war, if we had pinched back both the domestic coal industry and the domestic oil industry in order to build a great oil industry in the Middle East or in Venezuela, if we then found that we could not reach either of those areas. In that case, the rationing of gasoline which occurred in the United States during World War II would not be a circumstance to what would be the result if we should continue the policy of letting foreign imports, produced at 25 cents a barrel, displace and push back a great portion of our own reserves, and cause them to be lost forever—with the result that an abundant supply of new reserves would not be developed in the United States.

Mr. President, from the standpoint of having the Congress meet its responsibility, from the standpoint of the basic concept of reciprocal trade, the Neely amendment should be adopted. It would not prohibit importations. Under the Neely amendment, there would still be imported into the United States between $2 million and $2,500,000 worth of foreign crude oil and residual oil a day, but it would be held on a basis which would permit our own economy—both in the case of the oil-producing States and in the case of the coal-producing States—to continue to improve and expand.

It would permit the continuation of the reciprocal trade program on a basis of equality; and it would do that—and in my judgment, Mr. President, nothing else would do it—in such a way that the domestic industries of those great producers would be built up to a point where they not only would have a profitable contribution to make to our economy in time of peace, but would make our country impregnable, from the standpoint of having an abundant supply of these irreplaceable and natural and necessary fuels, in case of war.

Mr. President, the Neely amendment should be adopted.

Mr. NEELY. Mr. President, how much time remains to me?

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The Senator from West Virginia has approximately 5½ minutes remaining.

Mr. NEELY. Mr. President, I yield that time to the junior Senator from Oklahoma [Mr. MONRONEY].

The PRESIDING OFFICER. The junior Senator from Oklahoma [Mr. MONRONEY] is recognized for 5½ minutes.

Mr. MONRONEY. Mr. President, I think it is important, as we consider this bill, as we must, as it periodically comes up for renewal to consider the domestic economy and how it is affected through our past experience under the Trade Agreements Act. We must examine its effect on all sections of the country.

Yesterday, I had word from my own State that our oil production for May is being cut back by 20 percent. That will mean a vast amount of unemployment and loss of income. It is significant that every State which produces oil—and some 25 of the States of the United States do produce oil—is under prorationing.

According to the State conservation laws, the State regulatory bodies tell the oil producers how much oil they can produce. Many of the domestic pipelines and refineries are owned by the major oil companies, to whom independents sell their oil. These major companies are also the large importers. Four major oil companies have in their reserves in the Middle East—some 36 billion barrels—more oil than remains in the known reserves in the United States. The major companies must undergo the same prorationing that the small independent producer does at home. But on their imports they are not under any prorationing on importations into the United States from their vast reserves abroad.

My distinguished senior colleague has told the Senate of the greatly decreased cost at which oil can be produced from the 100- or 200-foot sands in the Middle East, where there will be one well to every several miles, whereas our own producers, particularly the independents, must drill wells usually on every 40 acres, under the so-called offset rule.

My colleagues also know that the companies operating in the Middle East have to pay only one tax, and that tax goes to the chief of state of the Middle East, whereas every one of our domestic independent producers has to pay, on its production of oil, taxes to the Federal Government and to the State governments and to the county governments and to the municipal governments.

Mr. President, if we are to have a severe proration at home—and we are, by State law—then it seems to me we cannot permit a vague, indefinite and ever-increasing amount to be imported into the United States, without any limitations whatsoever.

As the pending bill now stands, if the Neely amendment is not adopted, we shall not be troubled by 13.4 percent imports, which today are causing trouble in the coalfields and the oilfields. Instead, Mr. President, if 13.4 percent imports were all right before, then, under the new law, there would be nothing to prevent the figure from reaching 20 percent or 30 percent or 50 percent. Certainly I believe Congress should consider some point at which we should say that any further importations of this vital natural resource will destroy the healthy domestic petroleum industry that we must have for our national defense.

In reaching for a solution, the committee—and I wish to compliment the committee on what it has done—has attempted to provide that our domestic industries should be allowed to ask for the imposition of quotas when imports endanger our security. Thus, under the committee amendment the President would have the right to impose quotas, if he found that the imports were damaging the security of the Nation.

On the other hand, under the former law he could not do that; he could only impose tariffs or raise tariffs to relieve hardships.

We do not want a tariff on oil; we simply wish to share the market. We feel that the ratio of 90 percent domestic oil to 10 percent foreign oil is about the historic ratio upon which our foreign-trade program has been built up; and certainly this figure would not damage foreign trade. But the committee proposal merely gives the right to the President to apply quotas. No one can be sure that this authority would ever be used.

The 90 percent–10 percent ratio should be adopted by law.

The domestic producers are not really competing with foreign industry or foreign capital. Instead, Mr. President, our domestic producers are competing with ourselves. All the importing companies are financed with money made out of the production of oil in the United States. The American know-how and the great American success story have been applied to the production of oil from the foreign sands. The great major domestic companies which are importing oil are, in the case of the foreign fields, producing from sands which nature has endowed with great quantities of oil—sands which are many time more productive than our domestic oil-producing fields.

Since the committee has recognized the vast importance of a sound economy here at home, in the case of oil production and lead and zinc and other strategic materials, and since the President's fuels committee has recommended that any increase above the present importations would be highly dangerous, it seems to me we should not stop where the President's committee has stopped. We should not say that the President may do this if he wishes.

I believe that it is the duty of the Congress—which must always consider our defense activities and our security and our economy—to fix a definite ratio in this bill on the basis of sharing this market. Certainly that would not work

a hardship on the importers, who then would have a right to import 10 percent of our domestic demand.

By that arrangement we would give our great domestic oil industry a chance to plan for a sound future and to make its investments and to have a certainty that the imports would not be increased each year, and further to jeopardize the great, healthy domestic production industry we have had in the past.

The PRESIDING OFFICER. The time of the Senator from Oklahoma has expired.

Mr. LANGER. I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the minority leader yield time for the purpose of a quorum call?

Mr. SALTONSTALL. Mr. President, will the Senator from North Dakota withhold his suggestion for a moment?

Mr. LANGER. Certainly.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. As I understand, there is a unanimous-consent agreement that a quorum call will not be in order except preceding a vote.

The PRESIDING OFFICER. Unless time is yielded for a quorum call, it cannot be had.

Mr. JOHNSON of Texas. I suggest that the able Senator from Massachusetts yield whatever time he wishes to yield. The Senator from North Dakota is protected. When the time is exhausted, the Senator can suggest the absence of a quorum prior to the vote.

Mr. SALTONSTALL. I yield 10 minutes to the junior Senator from Kentucky [Mr. BARKLEY].

Mr. BARKLEY. Mr. President, I thank the Senator from Massachusetts for yielding me time on this amendment.

I find myself somewhat embarrassed personally by the situation which calls forth this amendment. I desire to be as frank with the Senate as I try to be with my constituents, and I shall do so in the brief remarks I shall make on the amendment.

I do not suppose that anyone would deny that coal is an indispensable commodity in connection with our defense in time of war. During World War I, when German submarines infested the Atlantic Ocean and the Gulf of Mexico, it became almost impossible to ship oil from the oilfields of the Southwest around through the gulf and up the Atlantic to the refineries on the eastern coast, and coal became an indispensable commodity in powering factories to turn out our munitions and implements of war. That situation gave rise to a rather artificial expansion of the production of coal throughout the country. That was true in Kentucky. When the war was over and we entered into the economic abyss between the end of World War I and the beginning of World War II, Congress enacted a coal law known as the Guffey Coal Act, which stimulated the production of coal and gave employment to coal miners.

Then World War II came along, again we found our shipping on the Atlantic coast, in the Atlantic Ocean, and in the gulf, endangered, and again coal became an indispensable commodity for the protection of our institutions and the prosecution of the war.

The war ended, and, because of the necessities of the situation, again there was an enlargement and an expansion of the production of coal in the United States.

I suppose it is possible to conceive that that might happen again. Considering the identity of our enemies in the world, no one can foresee when and under what circumstances we might again be required to fall back upon the production of coal as an absolutely indispensable commodity in the protection of our institutions, in the powering of our factories, and in the production of munitions and implements of war. We all hope and pray that there will never be another war, and that we may never be compelled again to resort to arms to protect our institutions and defend our country and what it represents. But we have no assurance of that, and every day we are in imminent danger of such a war.

Under those circumstances, I suppose that the Defense Mobilizer would have no hestiation in certifying to the President that coal is an indispensable commodity in connection with our defense in time of war. Whether he would, I do not know. I do not know whether he would say that, while coal is an indispensable commodity, it is only in part an indispensable commodity, and that the deficiency in it may be supplied from other quarters.

I do not know, and I would not predict, that the Neely amendment would be the solution to all the problems and troubles of the coal industry, or that it would substantially affect the situation in the coal fields.

Last year I spoke all over eastern Kentucky, in the coal-mining region. I spoke in one county-seat town where 2,500 people were gathered. As I walked through the courthouse door the county judge who had control of the distribution of surplus food commodities told me that at that moment there were 300 heads of households standing in line to receive a pittance of support from surplus food commodities.

Every one of those 300 men, and other hundreds who, day by day, and week by week, did the same thing, had the profound conviction that their unemployment was due to the importation of residual oil into this country. They may be mistaken about that. If all the importation of oil were shut off tomorrow, I could not guarantee that coal mines in West Virginia, Kentucky, or Pennsylvania would be opened; but those people feel that that situation is responsible for their unemployment.

I rode from Middlesboro, Ky., in an automobile to Harlan, which is one of the centers of the coal industry of eastern Kentucky. The United States Steel Corp. owns the entire town of Lynch, a community of 9,000 people. Every house in it, every schoolhouse, and every mine is operated by the United States Steel Corp. They are known as captive mines. The steel corporation mines its own coal and ships it to its steel plants. Aside from that one institution operated by the United States Steel Corp., there was hardly a mine in operation in the entire county.

I drove for 25 or 30 miles, from Middlesboro to Harlan. Every sidetrack on the railroad was crowded with empty coal cars which had been standing 6 months or a year without a lump of coal in them.

I have been through that community and I have seen the distress. The people living there are honest American people. They do not want to be on a dole. I suppose that in the mountains of eastern Kentucky, West Virginia, and Virginia will be found the purest Anglo-Saxon blood to be found anywhere in the United States, because they have lived there from generation to generation.

They are honest, law-abiding, taxpaying, God-fearing people, and it injures their pride to be required to depend on charity. They do not wish to be required to do so; yet when a man leaves his front porch in the morning with 4 or 5 children tugging at his coattails and asking him to bring bread home at nightfall, we are bound to know and feel that, to that person, the situation is tragic. I have great sympathy for those people.

Last Labor Day I spoke at Pikeville, referred to by the Senator from West Virginia [Mr. NEELY]. Fifteen or twenty thousand people were gathered there. I discussed the coal situation and the fuel situation generally. I declared myself in favor of a program being organized and instituted by the Government of the United States, dealing with all fuels—a fuel policy and a fuel program, to protect oil, gas, and coal products, so that in no war hereafter would we be required to be relegated to one particular fuel product in order that we might defend our country and our institutions.

I did not say at that time that I would vote for the Neely amendment. At that time no Neely amendment had been proposed. I would infinitely prefer that the proposition would come up on some other bill besides the one to which it has been offered. I would have preferred, and I prefer now, that the extension of the Reciprocal Trade Act be simple and uncomplicated by commodity amendments.

In the committee I offered an amendment on fluorspar. While it is a small industry, 62½ percent of the domestic consumption is being brought in from abroad. The mines in our country are being closed.

When the motion was made in committee to eliminate commodity amendments entirely from the bill and to consolidate them all in a different kind of amendment, I voted against the motion, because I felt that each one of the commodities ought to stand on its own merits. When, however, the motion carried, and it became a question of adopting the amendment that was in the bill or having nothing at all, I voted for the amendment.

I am not very happy about the situation, I may say frankly.

In the past 5 or 6 years the production of coal in the United States has decreased by about 200 million tons per

year. All the oil we have imported amounts to about 245 million barrels per year. About 131 million barrels represent residual oil.

I am not sure whether the statement I am about to make is accurate, but I have made inquiry and have been told that 4½ barrels of oil are equal to 1 ton of coal in fuel product.

The PRESIDING OFFICER (Mr. FULBRIGHT in the chair). The Senator's time has expired.

Mr. BARKLEY. Mr. President, will the Senator from California yield me an additional 5 minutes?

Mr. KNOWLAND. I yield 5 more minutes to the Senator from Kentucky.

Mr. BARKLEY. If the statement which has been made to me be true, of the 200 million tons of coal production that we have lost in this country, 30 million tons can be traced to the substitution of oil for coal.

If we were to stop all imports of oil tomorrow, I do not know how many consumers who now use oil would revert to coal. But it is a rather strange anomaly that one of the consumers who has completely reverted from coal to oil came before the committee and advocated the adoption of the Neely amendment. I refer to the Chesapeake & Ohio Railroad. Every engine of that railroad, which operates in the coal regions, is dieselized and uses oil instead of coal. I do not know whether the C. & O. Railroad would go back to the use of coal. I do not know whether any of the consumers who now use oil instead of coal would go back to coal.

I have no way of prophesying what would happen. However, at least the men and women in West Virginia and in Kentucky who are hungry believe that they are out of their jobs because of the use of oil.

I hold out no false hope to them. I do not know whether the Neely amendment will mean the opening of a single mine of even so much as a week's work for all the miners in the United States. I do not know. I make no prediction.

I wrote to a very dear friend of mine in the coal business that I was going to vote for the Neely amendment, but that I was under no delusion myself as to how much it might help in the coalfields.

Mr. President, in view of my statement and in view of the distress that I know exists, I feel myself morally obligated to vote for the amendment offered by the Senator from West Virginia, and I intend to vote for it.

However, I would not be frank with my friends in the Senate or with my friends in Kentucky if I did not express some doubt whether it is a complete solution of the problem of the coal industry or of the coal miners.

So, with some misgivings, and with the greatest respect for my friend the Senator from West Virginia [Mr. NEELY], the author of the amendment, and for my good friend the Senator from Oklahoma [Mr. KERR], and for all other Senators, who will vote one way or another on the bill, I feel myself personally obligated as between my head and my heart—if there is such a division—to vote with my heart today, even though in some respects my head may doubt the conclusion of my heart.

I hope if the amendment is adopted, or, if it is not adopted, that those in authority will find some way under the act to bring relief to those who suffer from the economic disaster and debacle which has afflicted a great portion of my State and other States that produce coal.

I thank the Senator from California [Mr. KNOWLAND] and the Senator from Massachusetts [Mr. SALTONSTALL] for yielding time to me so that I might express my frank opinion on the amendment and the reason why I believe I should vote for it.

Mr. KNOWLAND. Mr. President, I yield 2 minutes to the Senator from New Hampshire [Mr. COTTON].

Mr. COTTON. Mr. President, as a Senator from New England, I prepared a brief statement in opposition to the amendment, and I had planned to make it at this time. In view of the hour, I suspect that I might do more damage than good to my case if I took the time of the Senate to make my remarks. Therefore I ask unanimous consent that my remarks be printed in the RECORD as a statement.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR COTTON

The adoption of the proposed Neely amendment would have a crippling effect upon the entire trade agreements program. The purpose of the Trade Agreements Act, as stated therein, is to expand foreign markets for the products of the United States. To this end the President is given authority to enter into trade agreements with foreign governments or instrumentalities thereof granting concessions to certain imported commodities, such as modification of existing duties and other import restrictions or the imposition of additional import restrictions, for the purpose of making foreign markets available to American industry by affording corresponding market opportunities for foreign products in the United States. The act itself provides reasonable limitation of the authority granted and provides a method whereby any industry which is found to be injured by any concession granted by a trade agreement can obtain relief. The Neely amendment, on the other hand, imposes further barriers against the importation of crude petroleum and petroleum products. This would be telling the free world that this country does not really believe in the lowering of trade barriers and would go far toward defeating the inherent purposes of the trade-agreements program.

The proposed amendments to the Trade Agreements Act are repugnant to other provisions of the act, particularly those dealing with the escape clause. If the independent oil producers or the coal industry is being injured by the importation of petroleum and petroleum products, and they are not, there is no reason they should not seek relief under the escape-clause provisions of the act. It is noteworthy that neither has sought this avenue of relief as yet. It is reasonable to assume that they cannot make out a case on its merits and therefore have resorted to political pressure to gain their desired end. It would appear to be more consistent that the escape clause provisions either be eliminated and the Congress reserve unto itself the right to grant relief from excessive imports or, on the other hand, these industries should be requested to seek relief under the escape-clause provisions. There is no greater reason for the Congress specifically to restrict oil imports than to grant similar specific relief to dozens of other industries who are claiming doom and destruction unless something is done to restrict competing imported commodities.

Under the authority of the Trade Agreements Act, the United States has granted concessions on crude oil and residual oil in two international agreements, the trade agreement with Venezuela and the multilateral agreement commonly referred to as the GATT agreement. Both of these contracts, or trade agreements, contain escape-clause provisions similar to those contained in the Trade Agreements Act and, in addition thereto, contain certain procedural requirements which must be met before the rights of escape can be invoked. To impose the quota provisions of the proposed amendment would be in violation of the sacred obligations of these two international contracts.

It would seem to be axiomatic that before the Congress would undertake any general trade bill to legislate the quantities of an individual commodity which can be imported into this country, there would have to be an extremely strong case for such action, and certainly one which would be convincing to a responsible group of Cabinet members such as constituted the recent Cabinet Advisory Committee on Industry. This committee, in its recent report, specifically stated that it did not believe there should be any quotas on the importation of oil by legislative action at this time.

So far as the domestic oil-producing industry is concerned, there is nothing in the record which would indicate such injury from imports as to warrant the drastic interference with freedom of trade and competition which is proposed in this amendment.

In January of this year Mr. William M. Vaughey, president of the Independent Petroleum Association of America, stated that "our domestic industry has survived and prospered and remained strong and virile * * *," and no one cognizant of the facts is in a position to dispute this statement. In 1954, more oil wells were drilled than ever before and more money was expended in the search for oil than ever before. Oil production in this country is currently at a higher level than at any time in our history. With the exception of a few brief months after World War I, the price of crude oil is higher than it has ever been.

Every pertinent index shows that the domestic oil-producing industry is operating at or near its all-time peak and that it is prosperous. The industry itself reports that its immediate prospects are good. In addition, the long-range United States demand trend for oil is strongly upward and the relatively small production cutback in 1954 appears to have been temporary, just as was the more severe cutback of 1949. The slight decrease in production in 1954 from 1953 was not caused by increased imports, but through the liquidation of excessive stocks.

On the financial side, a recent survey by the McGraw-Hill Publishing Co. of overall industry capital spending plans for 1955 provides for an outstanding example of the domestic oil industry's vigor. While United States industry as a whole expects a small reduction, the oil industry is one of the very few which expects to increase its capital outlays. In the postwar period, capital investments by the oil industry in the United States have totaled some $30 billion, an average rate of $3.3 billion. Plans for 1955 include estimated capital expenditures of $4.9 billion. This is an indication of vigor—not ill health—in an industry.

Is this the kind of hardship which would warrant an embargo being erected against those who would like to utilize oil from other areas of the world in a way which would unquestionably benefit world trade and the domestic consumer?

It must be borne in mind that over the years oil consumption in this country has increased more rapidly than have our proven oil reserves; and that oil is becoming steadily more difficult and expensive to find in the United States and, therefore, if we are, at reasonable prices, to meet the future expected demand for enormous quantities of oil in the United States, we must look forward to a gradual increase in supplies from other parts of the world where oil is more plentiful relative to demand. It is significant that, while the United States accounts for 60 percent of the free world's oil consumption, it has only 21 percent of its discovered reserves, and undoubtedly far less than that of the undiscovered reserves.

That the coal industry has difficulties there can be no doubt but its plight is not due to oil imports.

That coal is a vital natural resource that adds to the industrial strength of this Nation is an obvious fact, but the touchstone of our economy, our national system, is competition and the real competitor of the coal industry is not foreign oil but a healthy, dynamic, research-minded domestic oil and natural-gas industry.

For example, in the period 1946 to 1952, total uses of fuel energy in the United States (exclusive of gasoline) increased by about 16 percent. If coal had been our only source of energy, this would have represented an increase of 163 million tons. Yet during that period consumption of bituminous coal decreased by 82 million tons. The use of natural gas increased by the equivalent of 159 million tons of coal, diesel fuel the equivalent of 12 million tons (much of it to the railroads), and other fuels (home-heating oil, hydroelectric power, etc.) the equivalent of 60 million tons.

The use of heavy fuel oil increased the equivalent of 14 million tons of coal during this period—an increase which was substantially the same proportion as the increase in the Nation's total energy use.

Another area in which coal has lost market in recent years is in the export field. Notwithstanding these losses, coal exports during the 8-year period 1946–53 have amounted to 392 million tons. Bearing in mind the recognized reciprocal aspect of foreign trade, coal producers can hardly expect to retain this export market while urging that heavy fuel-oil imports be shut out. Actually, the export-import balance during this period was much in favor of coal, since heavy fuel-oil imports of 177 million tons on a heat equivalent basis are less than one-half of the coal exports. For the year 1953 alone, total coal exports amounted to 37 million tons which on a heat equivalent basis was 4 million tons greater than the total volume of heavy fuel-oil imports.

Diesel locomotives deliver from 5 to 10 times more useful power per heat unit than steam locomotives. It follows that on a heat content basis, use of a given quantity of diesel fuel displaces a far larger quantity of coal or heavy fuel oil. The decline in use of coal by railroads between 1946 and 1953 amounted to 83 percent of the total decline in the United States use of coal during this period.

The coal industry has indicated that imports are largely responsible for current unemployment. A review of the record will not support this claim. Between 1946 and 1953 bituminous coal production was reduced by 77 million tons principally because of the almost complete dieselization of American railroads and the large increase in natural gas consumption in the United States. This loss in volume alone is estimated to have reduced coal mining working forces by 57,400 men (1946 productivity rate). In addition, technological improvements within the bituminous coal industry, typical of American industry, have increased the individual production of these miners. Output per man-hour has increased by 30 percent between 1946 and 1953. If we assumed that this improvement had not been achieved and that the output per man was the same in 1953 as in 1946, 45,900 additional miners would be employed. Thus the loss in volume mainly to domestic natural gas and light, domestic distillate oil, and the increase in coal industry efficiency was directly responsible for reducing the coal working force by about 103,000 men. This loss can in no sense be attributed to heavy fuel oil imports, which if completely eliminated, would increase coal consumption by a maximum of 11.6 million tons annually, equivalent to an additional 45 minutes of work per week for the average number of miners employed in 1953. The relatively small advantage to coal resulting from the elimination of imports must be weighed against the alternate harmful effects on many thousands of heavy fuel consumers and the friendly countries set up to furnish heavy fuel oil supplies.

If all imports of residual fuel oil were eliminated, the benefit to the coal industry would be relatively negligible. A survey made by one larger marketer on the east coast indicates that the maximum convertibility from such oil to coal would not exceed 10 to 12 million tons per year. On the other hand, any serious reduction in the importation of residual fuel oil would create a shortage of fuel in the New England States, including my own State of New Hampshire, bordering on a crisis.

The simple truth is the coal industry has been swept up by a tornado of technological advances that have kept coal output from following the rising surge of total fuel uses. Since the First World War, for example, the navies of the world have turned entirely to oil fuel. Merchant fleets have followed this trend. Heavy oil has so many advantages for marine transportation that it is inconceivable the United States Navy or owners of merchant fleets would go back to coal-burning ships.

While top engineers and salesmen in the coal industry were meeting in Pittsburgh, on April 15, 1955, the Pittsburgh Post-Gazette in an editorial said:

"Coal is the Nation's sickest big industry. Demand has nose-dived since the end of World War II. Production last year was down 40 percent from 1947. Gas and oil have taken over much of coal's household market. Diesel has replaced coal on most of the Nation's major railroads. Oil is muscling in on a big preserve of coal's, the electric power industry.

"Coal men, in management and labor, have reacted to all this in an expected way. They want Uncle Sam to stifle their competition. They've been demanding that a strict quota be put on imports of residual oil. They want to check imports of natural gas from Canada and Mexico. They want favored treatment for coal in the placing of Government orders. And the like.

"But the cure for a languishing industry is not to impose handicaps on the industry's competition. Our economy just doesn't work that way. A strict quota on imports of residual oil, for example, would play hob with thousands of householders and industries that have converted to this fuel. It would also play hob with manufacturers and workers who do a huge business with oil-exporting countries. In 1953, for example, America sold over half a billion dollars worth of products to Venezuela, which Venezuela in turn paid for almost entirely out of her oil exports."

There are words of wisdom in this editorial coming from one of our greatest industrial and coal-mining regions.

In the face of what is called ruinous oil imports the indications are that the industry is on the upgrade. The recent increases in coal demand have been reflected in increased optimism among the coal operators. This is shown by the following account from the Wall Street Journal of November 19, 1954, of the 37th annual convention of the National Coal Association held in Pittsburgh:

"With scattered exceptions, they were the cheeriest bunch of representatives of a sick industry that you'd ever want to see. Business in bituminous has started a comeback and there was scarcely an operator at the convention who hadn't noticed it. Many felt that the turn has finally come.

" 'I think we have turned the point,' said R. E. Salvati, president of Island Creek Coal Co.

" 'There's a new optimism,' said M. L. Patton (vice president of Truax-Traer Coal Co. 'And it's splendid psychology to know that we're lifting ourselves by our own bootstraps.'

"Coal-company analysts pretty much agree that a new growth trend will take hold about 1957 or 1958 and that if the industry can hold fairly steady or increase slightly until then, it will be out of the woods.

"Coal's great shakeout, severe as it has been on individual miners and operators, is bringing some blessings to the survivors. Most of the producers that have been knocked out in the past few years have been marginal operators who get in the business in times of boom.

"But the biggest immediate lift to coal operators is the rising level of general business. Coal burned by electric utilities, now the coal industry's biggest customer, is rising steadily. Steelmaking has risen spectacularly since Labor Day. Coal exports through normal commercial channels have taken a turn for the better.

"Some well-equipped mines in the southern fields are operating 5 to 6 days weekly, and at that, according to Appalachian Coals, Inc., 'are having difficulty in taking care of current demands.'

"Production at Imperial Coal Corp. (central Pennsylvania) is up 'better than 20 percent' over the year's low in April, said Charles A. Owen, chairman of the board. He said 'we're much happier.'

"Hooper Love said there has been a 'general improvement' in business. West Kentucky's production in October was 6 to 7 percent above September, and the improvement is continuing in November.

"J. D. A. Morrow, president of Joy Manufacturing Co., leading maker of mining machinery, said he has found evidence of a turn upward in coal in the significant increase in orders for machinery, particularly high production models that achieve greatest cost savings.

"J. S. Routh, president of Routh Coal Export Corp., thinks 'generally the corner has been turned.' "

Another group that has appeared to be active in support of the Neely amendment is the railroads engaged in transporting coal from the mines to markets. The railroad industry argues that the importation of foreign oil (particularly heavy residuals that are used as fuel in industrial plants and the like) has reduced the sale of bituminous coal to the point where the railroads are in serious straits through loss of freight revenues. The coal industry is, of course, one of the railroads' biggest customers. The record, however, indicates that the railroad industry, which was once the biggest single customer of the coal industry, is now not much of a customer at all.

In testifying before the Senate Finance Committee, Walter J. Tuohy, president of the Chesapeake & Ohio Railway Co., said in reply to a question, "You weren't and aren't as sorry as I was to swing over (from coal to diesel fuel). But it was economically impossible to operate the railroad any other way." He went on to say, "I am speaking for the railroads generally, and I have studied as a general thing the traffic trends of those other railroads, and when I present the stand I have, I am reasonably sure that I am presenting almost a hundred percent, if not a

hundred percent, the position of the railroad industry."

The facts would seem to back him up. The preference of railroads for diesel power is indicated by the fact that in 1951, when the Nation's locomotive builders had orders for 4,074 locomotives, 4,038 of that number were diesel, 14 electric, and only 22 steam. The great shift by railroads to diesels represents one of the main losses of market outlet for the coal industry since. The effect of the increased use of railroad diesel fuel in 1952 as compared with 1946 was actually to reduce railroad needs for coal and heavy fuel oil by around 90 million tons. Obviously, this trend is going to continue at an accelerated pace as more diesel locomotives are delivered.

What I have said demonstrates that oil imports have not materially injured the domestic oil industry, the coal industry, or our railroads. This same conclusion has been reached by other responsible, unbiased investigators.

The Cabinet Fuels Policy Committee, after making a study into the Nation's energy supplies and resources policy, recommended no legislative restrictions on imports of either crude oil or heavy fuel oil but recommended that imports of these commodities be kept at or below the respective proportions they bore to domestic production in 1954 by voluntary, individual action of the importers.

The House Ways and Means Committee, after extensive hearings, recommended the passage of H. R. 1 without crippling amendments imposing quotas on specific commodities, including oil, though it was vigorously importuned to recommend the imposition of such quotas.

Let us now take a look at the other side of the picture. What effect would the imposition of quotas on oil have on the domestic economy and on the trade agreements program? In the first place, the independent oil merchants who supply the greater portion of the fuel-oil market would lose a considerable portion of their market to other fuels, not through competition, as in the American tradition, but through congressional fiat. Consumers would be required to convert from heavy oil to other fuels and many of them would be physically unable to make the conversion. Because of the small quantities of heavy fuel oil produced by refineries in the United States, the demand for this fuel can only be supplied by supplementing the domestic supply with imports. The impact would be particularly felt in my section of the country. In testifying before the House Ways and Means Committee on February 8, 1955, Mr. John P. Birmingham, president of White Fuel Corp., of South Boston, Mass., said:

"In 1953, New England consumed 65 million barrels of heavy fuel oil. Approximately 65 percent of this oil was imported directly from the Caribbean area. If the bituminous-coal interests could have their way, the probable application of the 10-percent formula would be to force about two-thirds of the heavy fuel oil consumers to convert to coal while the remaining one-third would be permitted to use oil.

"Thousands of present heavy-oil consumers, particularly small factories, hospitals, apartment houses, schools, housing projects, et cetera, would be physically unable to convert to coal. For instance, the housing project in the city of Boston alone, housing some 20,000 veterans and their families, would be unable to convert to coal without investing staggering sums of money. For that matter, fewer than 2 percent of our customers at the present time have dual fuel facilities.

"I have a tabulation of my fuel corporation's business here, and we find that 87 percent of all our customers use heavy fuel oil for space heating entirely. Five percent use it for space heating primarily, and 7 percent use heavy oil for processing purposes primarily.

"Of 837 buildings and plants, only 14 have alternate facilities to burn other fuels, and only 9 of these 14 have a hundred percent capacity on the alternate fuel.

"We feel that everybody involved would suffer, except the coal marketers, who today are demanding governmental assistance to lower coal import tariffs abroad and restrictions for importation of competitive fuels at home and at the same time have themselves become one of the largest factors in the marketing of imported heavy fuel oil in this New England area. They enjoy a unique position. They have an important share of the heavy fuel-oil market in New England, using imported fuel oils almost exclusively. They also sell coal and, meanwhile, they are working diligently to reduce the consumer's choice of fuels to one, namely, bituminous coal.

"In other words, they can't lose, only the consumer would lose. If restrictions on oil are imposed, they win big profits on coal; if imposition of restrictions fail, they still have their heavy fuel-oil business, which they have built through imports.

"In February 1948, when a mild shortage of heavy fuel oil developed, the posted price of heavy fuel oil rose $1.33 per barrel over the posted price during the same period in 1947. While there was no apparent bituminous coal shortage during this same period, it is interesting to note that the posted price of bituminous coal on cars at Boston advanced by $3 a ton.

"It would not be too difficult to imagine what would happen to both coal and oil prices if Government were to force a 40-million-barrel shortage of heavy oil on New England to placate the coal producers and marketers. But even using the price reaction of 1948, namely, an advance of $1 on oil and $3 a ton on bitumious coal, New England's fuel bill would be increased by the staggering sum of $85 million per year."

Oil imports constitute a main route by which dollars enter international trade. In the year 1952, for example, American companies spent $691 million for purchases of oil from other countries, not counting the direct dollar investment of these companies abroad.

Dollars spent abroad to buy oil, like all other dollars spent abroad, eventually come back to our country. Some of them come as investments and bank deposits, but most are spent here for United States goods and services.

This reciprocal character of international trade is illustrated by the record of Venezuela's sales and purchases. Venezuela is the largest seller of oil to the United States. In 1952 Venezuelan exports of oil to this country had a value of $334 million. At the same time, Venezuelan purchases from our country amounted to $500 million. Included in these purchases were industrial machinery, automobiles, iron and steel-mill products, dairy products, raw and manufactured cotton, and grains. The Venezuelan Chamber of Commerce of the United States said in 1951, "The demands for United States goods have been so varied that during the last 2 years every State in the Union has exported some kind of product to Venezuela."

Legislative quotas limiting oil imports into the United States would have immediate and sharp effects on Venezuela's economy. Further, such legislation would directly violate the trade treaty between that nation and our own.

Erecting bars to oil imports would have repercussions worldwide. It would invite retaliatory trade bars on the part of other nations. It would throw grave doubt on the sincerity of America's desire to strengthen the free world against communism. It would represent a backward step in all this country's efforts to date toward healthier world trade.

I cannot close my remarks without calling your attention to a most enlightening document released by the State Department recently which points out 10 important reasons why legislative restrictions on oil imports are not necessary and should not be adopted at this time. The 10 reasons are:

"1. The policy of our Government and a basic principle of our society is in general to permit freedom of enterprise and competition to iron out difficulties and provide protection to the various elements in our economic society, including both producers and consumers. There is little or no evidence that either the domestic crude-oil industry or the coal industry have suffered from imports of crude oil and residual oil as to justify departure from these principles. * * *

"2. Voluntary individuals action by the oil-importing companies should be given a thorough trial. For the first time (by the Cabinet Committee report) a clear-cut goal has been set. Because of the quick availability of official monthly crude-oil production and oil import data, everyone interested in the oil-import problem can easily ascertain the facts. There is no reason to doubt the effectiveness of public pressure on the importing companies, under the circumstances, to hold imports of both crude oil and residual fuel oil in proper balance. * * *

"3. Legislation of the type proposed as an amendment to H. R. 1 by Senator NEELY would involve the setting of fixed import quotas. Such a specific formula would not be consistent with the basic fact that we are dealing with a dynamic situation that requires constant reappraisal. A fixed formula would be very difficult to change even if the industrial expansion of the country and the changing economic and national defense requirements made necessary a modification of the 1954 balance. The present healthy condition of the domestic crude-oil industry shows clearly that the increased imports of petroleum over the last few years have not been harmful. The problems of the coal industry have been caused almost entirely by factors wholly unrelated to our oil imports. Moreover, in 1954 the oil-importing companies recognized the problem of maintaining a proper balance between total supply and total demand. They did not significantly increase their oil imports in 1954 in comparison with 1953.

"4. In determining what is the proper balance between oil imports and domestic crude oil production it is necessary to look at the status of the oil industry in countries whose oil will be required by the United States and the other free-world countries in the event of national emergency. This requires a frequent review of the trends of oil exploration and oilfield development, the trends of production and of proven reserves. United States oil imports are a vital factor in determining the availability of foreign oil for purposes of national security. Our policy of permitting private enterprise free play in handling foreign oil developments and of permitting the private business decisions of individuals to work out the balance between imports and domestic production has assured the United States and our allies of adequate supplies of oil under conditions of both peace and war. The enactment of restrictive oil import legislation might play havoc with this aspect of our national security preparations.

The support of our allies whose oil we import is sorely needed in the cold war. Our security plans are not realistic unless we count on foreign oil.

"5. To place restrictions on oil imports might require further legislation and administrative action of a type not normally justified except in war emergency and not at all required under our voluntary import system. Restrictions on crude oil imports would involve questions of allocating import permits and squeezing back imports from some countries in order to make room for

imports from others. A case in point is Canada, where a costly pipeline has recently been built across the mountains to supply much needed oil to our Pacific Northwest. Under our voluntary import system this oil can readily be fitted into our total oil picture, without embarrassment to us and without hard feelings and reprisals against us by other countries; whereas if legislative restrictions were imposed on oil imports, the United States Government would have to invoke a country quota system and bear the onus for having imposed it.

"6. Legislative restrictions on residual fuel oil imports such as those proposed by the coal industry might well result in such shortages and increased prices that end use controls, allocations, and price controls might have to be provided, particularly in the States along the Middle Atlantic and North Atlantic seaboard, in order that consumers might be reasonably protected.

"7. Legislative restrictions on oil imports will harm the American producer of export goods and services. For every dollar of reduction in income from the sale of oil to the United States, we must calculate a dollar's reduction in our exports. This would hit our own producers, manufacturers, and basic industry with considerable force. This is incontestable in the cases of Canada and Venezuela, two of our best customers for products of farm and factory.

"8. Special note should be taken of the harmful effects of the proposed amendment on Puerto Rico. Puerto Rico is engaged in a vigorous effort to expand its domestic industry which will require increased consumption of petroleum. The island now imports considerable quantities of residual fuel oil from the NWI and is building a refinery to be supplied with crude oil from Caribbean sources. The import restrictions of the proposed amendment could well do serious harm to these developments by increasing the cost and restricting access to petroleum supplies.

"9. It has been asserted that the coal industry needs help to enable it to meet potential defense requirements. A review of the facts indicates that the coal industry is now in a position to meet the needs of an emergency.

"10. American investments abroad are important to our domestic economy and our foreign relations. Nearly a third of these investments are in oil, and the proposed amendment might well jeopardize the security of these investments, thus hurting the Americans who have chosen to put their savings in these enterprises."

I am opposed to this amendment which I believe is unsound in principle. In frankness I must say I oppose it also because of its effect on New England.

The mills and small industrial plants of my State and other New England States are deeply dependent upon residual oil. I ask the Senate to consider our situation. Our section does not have the advantage of low-cost electrical power. We have no TVA's, no Grand Coulee Dams. We could not have them if we wished, or if the Federal Government were willing to build them for us, because 200 years ago towns and cities were settled all along New England's rivers so that today we could not have the full power potentialities of these rivers developed without flooding and obliterating our largest cities.

Our section does not have the advantage of easy access to the coal fields. It is natural perhaps, that our colleagues from Pennsylvania and West Virginia should desire to shut out the competition of foreign oil, but I ask you to remember that New England, which is the home of some of the oldest and finest small industries in the Nation, is a long way from the coal fields, and that the price of coal plus its transportation is nearly prohibitive. It will not add to the market of our friends from the coal-mining States to stop the wheels of industry in New England, nor will it enhance the welfare of the Nation as a whole to stifle industry in its outlying segments and cause further concentration in regions adjacent to the coal mines.

We of New England beseech you not to deliver this crushing blow at our small industries and business enterprises. We have asked little from Uncle Sam. We are willing to try to work out our own destiny, and accept cheerfully the prospect that the Federal Government is not going to do much for us. We are deeply concerned, however, at the prospect of what the Federal Government might do to us.

However, I base my argument on more than sectional reasons. Sound reasoning and unbiased conclusions from known facts demonstrate that the tremendous harm to our whole domestic economy and our export trade greatly outweighs the small amount, if any, good that would result to a few industries by the imposition of quotas on oil. I urge your support of H. R. 1 without this crippling amendment.

Mr. KNOWLAND. Mr. President, I yield 2 minutes to the Senator from Maine.

Mr. PAYNE. Mr. President, I thank the distinguished minority leader for yielding to me for the purpose of asking unanimous consent that a statement which I have prepared concerning the amendment, and setting forth my opposition to it, may be printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR PAYNE

The chairman and the members of the Senate Finance Committee deserve the highest commendation for their thoughtful and reasonable approach to the Nation's trade policy during the consideration of H. R. 1. While retaining those provisions of the bill which would serve to increase free world trade, the committee has recommended several amendments that will go a long way toward offering reasonable protection to those of our industries which are vulnerable to import competition. It is a bill which will forward the President's enlightened trade policy, and for that reason I believe it deserves the support of the Congress. It is an essential part of this Nation's economic and political leadership of the free world.

We now have before us an amendment to H. R. 1 introduced by the junior Senator from West Virginia [Mr. NEELY] which would set a specific quota on oil imports. Not only is the proposed amendment contrary to the interests of our national security, but it would, in addition, do great economic harm to millions of American consumers.

Proponents of this amendment contend that it will insure a healthy and vigorous domestic oil industry. They say, as well, that it will give a badly needed boost to the ailing coal industry. Both statements have little basis in fact.

The domestic oil industry has enjoyed a remarkable degree of prosperity since the end of World War II and is now operating near its alltime peak. Except for a few minor setbacks, production and prices have risen steadily since 1948, even in the face of increasing imports. United States demand for oil is still showing a steady upward trend. Furthermore, a study conducted by Oil Forum and published in its issue of July 1954 showed that from 1949 to 1954 crude-oil production by independent producers increased at a more rapid rate than that of the major oil companies. The 46 small independents showed by far the greatest gain in production. For the past 20 years the domestic oil industry has been increasing its output on the average of almost 5 percent a year. This adds up to a picture of a healthy and vigorous industry.

Protecting our national security by offering protection to our domestic oil industry is a worthy objective. However, this amendment would injure, not protect, the national security. The Oil and Gas Journal pointed this out in an article and editorial in its March 21, 1955, issue. The 10-percent-quota scheme, it said, is not in the best interests of the petroleum industry. It said that the joker in the Neely amendment is the 10-percent limitation on residual-oil imports within the overall 10-percent limitation on all oils. Residual fuel oil would stand three-fourths of the reduction and crude oil only one-fourth, or about 66,000 barrels daily. The heavy reduction in residual imports will naturally cause the price of residual to rise sharply. And, as the Journal points out, conditions in the domestic industry are such that domestic producers will not be tempted to switch production to residual oils, in spite of the domestic shortage and higher prices which would result. In effect, residual imports do not compete with domestically produced oils.

Everyone agrees that a vigorous coal industry is important to our economic stability and to our national security. But oil imports have been a very minor factor in causing the dislocation of the coal industry. The greatest cause has been the growth of the natural-gas industry and the dieselization of the railroads.

Based on an index with 0 as the 1946 base, use of natural gas rose 171 points by 1953, diesel and distillate fuel oil 69 points, and heavy fuel only 21 points. It is clear that natural gas was the most important factor contributing to the 101-point drop in the use of coal during this same period.

Restrictions on residual oil imports would increase coal consumption only slightly. Most institutions or businesses now using oil have no facilities to use coal. Conversion is an expensive process which many would not be willing or able to undertake. In addition, some of those who would convert because of the higher price of residual fuel oil would certainly turn to natural gas or light heating oil. What, then, the coal industry supports is legislation which would do serious harm to hundreds of schools, hospitals, churches, office buildings, and factories, while providing little or no relief to itself.

Therefore, besides the fact that the amendment would not accomplish what it sets out to accomplish, it would have the dangerous effect of pushing up fuel prices for millions of consumers and injuring our national security.

Our petroleum reserves were reduced during World War II and the Korean War. In 1954 proven reserves of crude oil in the United States stood at 29½ billion barrels, with natural gas liquefied, a form of petroleum, at slightly more than 5 billion barrels. Our demand for all oils in 1954, however, was more than 3 billion barrels. And our needs are growing every year.

Foreign oil is important to our security. We should make every reasonable attempt to draw on our foreign sources now, saving our own reserves for an emergency in which foreign oil might be less readily available than it is today.

A limit on oil imports would also harm those Americans who have chosen to put their savings in oil investments abroad. Our oil investments in all areas of the world in 1954 amounted to nearly $5 billion. To reduce imports by American firms who have invested abroad would do great economic harm to these companies, as well as to the individual investor. It would serve to discourage further investment, which could result in a drying up of our important foreign oil sources.

A fixed formula such as is contained in the Neely amendment fails to recognize that we are dealing with a fluid, ever-changing situation. Our industrial and military requirements are constantly growing and, in the future, may grow more quickly than we now visualize. Even the severity of winter changes our oil requirements considerably. But, in spite of changes in need, the fixed 10 percent formula will remain a towering barrier to the natural workings of supply and demand factors.

The President's Advisory Commission on Energy Supplies and Resources has recommended a voluntary quota system, with imports being maintained roughly at the 1954 level. This system should be given a chance to work. Not only would it enable us to maintain flexibility in our imports, adjusting them to our requirements, but it would also eliminate the necessity of imposing country quotas and other restrictive devices which would only lead to ill will and retaliation on the part of our foreign friends.

It is the only sensible policy to follow when we are dealing with a situation that requires constant reappraisal. Our foreign sources of oil, the good will of our friends, our own exports, American investments, the well-being of the American consumer—all of these are at stake in this question. We should not sacrifice all that is good in our present system for the extremely dubious benefits that the Neely amendment might bring to the domestic oil and coal industries. Our national security and the needs of the American consumer demand that the Neely amendment be defeated.

Mr. KNOWLAND. Mr. President, I yield 1 minute to the Senator from New Mexico [Mr. ANDERSON].

Mr. ANDERSON. Mr. President, I appreciate the courtesy of the minority leader in yielding to me at this time. I intend to vote for the amendment. Perhaps it is not exactly what I would hope to have in the way of an amendment to deal with this subject, and perhaps the residual fuel situation may be such that the proposed amendment may not be the cure-all it is hoped it will be. Nevertheless, I intend to vote for the amendment and to support it, in the hope that it may be adopted.

Mr. KNOWLAND. Mr. President, I yield a half minute to the Senator from Oregon.

Mr. MORSE. Mr. President, for the major reasons stressed by the Senator from West Virginia [Mr. NEELY], and the junior Senator from Kentucky [Mr. BARKLEY], and for the detailed reasons which I shall set forth at a later hour in support of one of my own amendments, I wish the RECORD to show that I shall vote for the Neely amendment.

Mr. KNOWLAND. Mr. President, I yield 1 minute to the Senator from Pennsylvania.

Mr. MARTIN of Pennsylvania. Mr. President, I ask unanimous consent to have printed in the RECORD at this point my views on the Neely amendment and on the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MARTIN OF PENNSYLVANIA

The future of our domestic oil industry is of vital importance to the economic and military strength of our Nation.

Oil is one of the bulwarks of our national defense. It is the lifeblood of our Armed Forces in action—on land, on the sea, and in the air. It is one of the most powerful supports of our great industrial production.

In the event of another world conflict our hope of victory will depend on American oil. Without a strong domestic oil industry we will have no assurance of oil supplies adequate to meet our Nation's military, industrial, and civilian needs in time of emergency. We know from our experience in World War II that we cannot rely on foreign oil for security.

It therefore seems to me beyond all question that a healthy and expanding domestic oil industry is a fundamental defense requirement so long as armed aggression threatens to shatter the uncertain peace that now prevails in the world.

It also seems to me beyond all question that decisive, corrective steps must be taken to protect the American oil industry from destructive foreign competition.

The American people are the largest users of petroleum in the world. But in spite of the enormous market created by American demand, the independent oil producers of the United States are facing a desperate situation.

They are struggling to keep their heads above water in the face of an ever-growing flood of imported oil. Many of these independent producers are in the small-business category. For them it is a struggle for survival.

They find themselves unable to operate on a reasonably profitable basis against the increasing competition from cheaply produced foreign imports.

Since 1946 the national consumption of crude oil has increased more than 40 percent while the volume of oil imports has increased 140 percent.

In the first quarter of this year the increase was 21 percent over the comparable period of last year. In the first 4 weeks ending April 16 the increase advanced to 26 percent over the same period of last year. There is every indication that the importing companies intend to make further substantial increases in their imports to the further detriment of domestic producers.

Conservation programs in the oil producing States are based principally on market demand. They restrict the amount of oil domestic producers are allowed to place in the American market. But no such restrictions apply to the foreign producer or importer.

Production cut backs by State regulatory bodies have brought operations down to only 15 days a month largely because foreign imports have cut down market demand for domestic production.

The producers who are subject to conservation statutes in the various oil-producing States average less than 20 barrels a day from all the oil wells in this country. They are compelled to compete with the production of wells in the Middle East that produce more than 6,000 barrels a day.

The Middle East oil producers are not subject to conservation controls. Their production is not restricted. They are not required to meet minimum-wage standards. They are not required to shoulder any of the other burdens that are imposed upon the American producer.

The oil industry found some measure of encouragement in the report and recommendation of the President's Committee on Energies, Supplies, and Resources Policy. That committee recognized that excessive imports of oil could endanger the military and civilian supplies and the reserves necessary for national defense. Its report further stated that this would diminish incentives for the exploration and discovery of new sources of domestic petroleum.

The President's committee proposed that oil imports be curtailed by voluntary action of the importing companies. It is a fact that some of the importers tried to bring about voluntary restrictions but the effort failed to bring about the desired result. It appears that voluntary restrictions simply will not work. If oil imports are to be restrained for the protection of the domestic industry and for reasons of national security, it must be by action of Congress or the President under powers delegated to the executive branch of the Government by Congress.

Too much emphasis cannot be placed on the essential need for continued exploration to make more oil available for peace or war. America owes a great debt to the wildcatter who takes great risks in the search for new oil fields. If foreign oil dries up the market for the domestic product, there will be no incentive for the wildcatter to put his energy, initiative, and enterprise into the search for oil. That would be a calamity.

I do not minimize the importance of foreign trade to the economy of the United States.

I recognize the importance of preserving friendly relations with the free nations of the world that need our help to resist the inroads of communism.

I believe we should do all in our power to encourage the full and fair interchange of goods among the free nations to bring them closer together in friendship and understanding.

But I believe that the maintenance of a strong and sound economy in the United States should always be our first and foremost objective.

In my own Commonwealth of Pennsylvania as well as the other coal-producing States unrestricted importation of residual oil has caused severe unemployment among miners, railroad workers, and others. It has caused serious injury to the coal industry. It has had a disastrous effect upon local communities in the coal-mining areas.

Residual oil last year displaced 30 million tons of American coal.

In December 1954 the American coal-mining industry had over 143,000 persons unemployed with thousands of others working part time.

In the anthracite region of Pennsylvania alone the total payroll has dropped a total of $50 million in the past 3 years.

When the coal industry is adversely affected the damage spreads through many other industries such as timber, steel, machinery, explosives, and the railroads.

The production of coal is a national-defense industry. It should be protected against competition that would destroy its usefulness in time of national peril.

Regardless of dangers I have discussed, I intend to support this bill because I believe it has within it provisions sufficiently strong to bring imports and domestic production into line with the needs of the national economy and national defense.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. How much time remains on the amendment?

The PRESIDING OFFICER. The Senator from California has 42 minutes remaining.

Mr. KNOWLAND. How much time remains on the side of the proponents of the amendment?

The PRESIDING OFFICER. All time of the proponents has expired.

Mr. KNOWLAND. I am prepared to yield back the remainder of my time. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Frear	McClellan
Allott	Fulbright	McNamara
Anderson	George	Millikin
Barkley	Goldwater	Monroney
Barrett	Gore	Morse
Beall	Green	Mundt
Bender	Hayden	Neely
Bennett	Hickenlooper	Neuberger
Bible	Hill	O'Mahoney
Bricker	Holland	Pastore
Bridges	Hruska	Payne
Bush	Humphrey	Potter
Butler	Ives	Purtell
Byrd	Jackson	Robertson
Capehart	Jenner	Russell
Carlson	Johnson, Tex.	Saltonstall
Case, N. J.	Johnston, S. C.	Schoeppel
Case, S. Dak.	Kefauver	Scott
Clements	Kerr	Smathers
Cotton	Kilgore	Smith, Maine
Curtis	Knowland	Smith, N. J.
Daniel	Kuchel	Sparkman
Dirksen	Langer	Stennis
Douglas	Lehman	Symington
Duff	Long	Thurmond
Dworshak	Magnuson	Thye
Eastland	Malone	Watkins
Ellender	Martin, Iowa	Welker
Ervin	Martin, Pa.	Wiley
Flanders	McCarthy	Young

The PRESIDING OFFICER (Mr. KERR in the chair). A quorum is present.

Mr. DANIEL. Mr. President, I ask unanimous consent to have printed in the RECORD, a statement I have prepared concerning the amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR DANIEL

Last year when this legislation was on the Senate floor I warned that excessive oil imports were threatening the domestic petroleum industry and the national security. I said then that importing-oil companies themselves should solve the problem by voluntary reduction of their imports. Industrial statesmanship by American importing companies could have solved the problem, but it was not practiced by a sufficient number of the companies concerned.

This year the President's Cabinet Advisory Committee on Fuels and Energy Supplies reported that imports in excess of the 1954 ratio would endanger the national security.

Instead of reducing imports to 1954 levels, the major companies owning foreign oil have increased total crude imports for the first quarter of 1955 about 20 percent over the first quarter of 1954. As a partial result of these excessive imports, Texas production has been reduced to 16 days per month, and independent producers, who own no foreign oil, and the State tax revenues are suffering great losses.

Under these circumstances I testified before the Senate Finance Committee in favor of this amendment, and I shall vote for it today. However, I do not wish my vote to be considered as indicating any doubt about the assurances that have been made on the floor that administration officials will use section 7 (b), the committee substitute for the Neely amendment, to keep oil imports from exceeding the 1954 ratio. It is evident that the substitute will be adopted. I sincerely hope that it will work to protect not only our domestic oil industry but the national security, as intended by the Finance Committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. NEELY].

Mr. NEELY. Mr. President, I renew my request for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. NEELY]. [Putting the question.]

Mr. JENNER. Mr. President, I ask for a division.

On a division, the amendment was rejected.

Mr. LANGER. Mr. President, I wish the RECORD to show that I voted in favor of the amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. JENNER. Mr. President, I should like the RECORD to show that I also voted for the amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. SCHOEPPEL. Mr. President, I should like the RECORD to show that the senior Senator from Kansas voted for the amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. BARRETT. Mr. President, I request that the RECORD show that I voted for the amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. GOLDWATER. Mr. President, I ask that the RECORD show that I voted for the amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. WELKER. Mr. President, I should like the RECORD to show that I voted for the Neely amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. THYE. Mr. President, I should like the RECORD to show that I voted against the Neely amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. YOUNG. Mr. President, I desire the RECORD to show that I voted for the Neely amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. HOLLAND. Mr. President, I wish the RECORD to show that I voted against the amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. THURMOND. Mr. President, I should like the RECORD to show that I voted against the amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. NEUBERGER. Mr. President, I should like the RECORD to show that I voted against the amendment.

The PRESIDING OFFICER. The RECORD will so show.

Mr. JOHNSTON of South Carolina. Mr. President, I wish the RECORD to show that I voted against the amendment.

The PRESIDING OFFICER. The RECORD will so show.

The bill is open to further amendment.

Mr. MORSE. Mr. President, I understand it was contemplated that the distinguished junior Senator from Wyoming [Mr. O'MAHONEY] would proceed next with his amendment, and that I would follow him. Under those circumstances I yield the floor.

Mr. O'MAHONEY. Mr. President, I call up my amendment designated 5-3-55/F, and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Wyoming.

The LEGISLATIVE CLERK. At the end of the bill it is proposed to insert the following new section:

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

Mr. O'MAHONEY. Mr. President, I regret very much that I am laboring under a severe handicap in the use of my voice. I have some important things to say to the Senate. I am glad there is so large an audience now present.

I do not know that I have ever stood upon the floor of the Senate and made a more important plea to the Members of this body than the one which I shall now attempt to make. I may be unable to say all I should like to say; but I believe that if Senators had sat through the debate, as I have sat through it, they would realize that the Members of the Senate who have spoken in favor of the bill as reported by the Committee on Finance are at complete odds in their conception of what it will do.

In this morning's New York Times I read a statement by one Senator that he expected the bill, if it passed and became a law, to be enforced by the administration in such a way as to bring about a reduction of imports into the United States. Then I heard an eloquent address, based on historical statements, delivered upon the floor, in which the argument was made that the bill would reduce tariffs and increase imports. Both Senators doubtless were altogether honest in the views they expressed.

Another Senator said on the floor that Congress will have to watch carefully the enforcement of the law; but he has done nothing to make it possible for Congress to do so.

The amendment which I have called up is a simple amendment. It will not destroy the desires of the proponents of either of those contending views. It will allow the President and those who are his assistants, those to whom he may delegate the legislative power of Congress, to negotiate trade agreements; but it will require, and this only, that before the agreements can become effective, they must be filed with and approved by Congress.

Senators who have not read the bill or the amendment will say that the junior Senator from Wyoming now wants to put the Senate and House back into the old days of logrolling tariff bills. What those bills were, I cannot testify from personal experience, because I was not here when any of them were enacted. I do not care to cast any aspersions upon any Member of the Senate or upon any previous Congress. I am only saying what I believe Senators know to be the incontrovertible truth.

The power to levy duties and tariffs was placed by the Constitution in Congress. It may be said that Congress can no longer perform this function because it involves too much detail. My amendment has no relation to that situation. My amendment is so broad that both Houses of Congress would have to vote a trade agreement up or down as a whole, without submitting amendments or without trying to make changes.

I ask any Senator who supports the bill why, under such circumstances, he would refuse to allow Congress, of which he is a Member, to examine the work which will be done by the persons to whom authority will be delegated.

The Secretary of State in his testimony before the Committee on Finance, which I read into the RECORD yesterday, said there was only one person in the country who was capable of negotiating trade agreements and who knew what ought to be done, and that person was the President of the United States. Of course, the Secretary could not have meant that literally, because it is obviously impossible for the President to conduct the negotiations.

As has already been pointed out, it was an able gentleman from Nebraska, the Assistant Secretary of State for Economics, Mr. Waugh, who went to Geneva and signed the trade agreement with 34 nations. It was not the President who did that. The discussions took place at Geneva.

My amendment reads as follows:

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

The only purpose of the amendment is to make it possible for the Congress to look at the work which has been done by the persons to whom you, my colleagues, delegate this power, and by whom it is redelegated, and then determine whether or not in the judgment of Congress, it ought to be made the law of the land.

Mr. President, how can any person feel that what I ask is a thing which should not be done? Is there a Senator in this Chamber who fails to realize that the United States, and all the nations of the world, at this very moment, are hanging on the very brink of disaster?

Mr. WATKINS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. KERR in the chair). Does the Senator from Wyoming yield to the Senator from Utah?

Mr. O'MAHONEY. I yield.

Mr. WATKINS. Suppose the amendment of the Senator from Wyoming were adopted and the Congress did not take any action under the amendment. What would be the result?

Mr. O'MAHONEY. If the Congress did not take any action, Congress would not have approved the agreement, and it would not become effective.

Mr. WATKINS. It would be in the same category as any treaty which would not have been approved by the Senate. Is that correct?

Mr. O'MAHONEY. That is correct; and if either House voted against it, the agreement would have no effect.

If it were desirable to make action by Congress compulsory, I would have no objection to that.

What I am trying to seek is to have this Congress, of which I am a Member, and of which all my colleagues are Members, have the opportunity to look at the legislative work that is being done in its name.

Do my colleagues doubt that these are critical periods? If they do, let me ask them to glance at the messages which have been sent to this body in the last few days from the White House. First we have the message on foreign aid. Three and a half billion dollars for foreign aid. Is it possible to conceive that, while the executive believes we must extend foreign aid to the free nations of the world in the amount of $3½ billion, this is a time to negotiate trade agreements as though we were dealing with self-supporting nations, without need of aid from the Treasury of the United States, which is now running a deficit? The Secretary of the Treasury wonders day by day how he is going to balance the budget.

The chairman of the Finance Committee comes on this floor day after day with reports which are carefully worked out, in his attempt to reduce unnecessary expenditures. Yet, in the face of the conditions we face, and with the President recommending Federal aid for foreign nations in the amount of $3½ billion, it is proposed that we give the President complete discretionary authority to negotiate trade agreements.

I have in my hand the message which the President sent to Congress on the 2d of May. This is his message recommending the establishment of the International Finance Corporation, to which the United States will have to contribute a subscription of capital stock in the amount of $35,168,000.

I ask my colleagues to listen while I read the second paragraph of this message:

These actions—

The actions which he has outlined for building up the free world, with which objectives I am in complete agreement; but "these actions" as he has described them can be set forth in his language, in this way:

These actions—such as extension of the Trade Agreements Act, United States membership in the Organization for Trade Cooperation—

That is an organization consisting of 34 nations. Thirty-two nations have signed the agreement, and two have not joined it. Those two nations are Czechoslovakia and the United States of America. The other 32 countries have joined it. Our representatives, the same representatives to whom it is now proposed the Senate delegate this power of Congress, have negotiated the agreement with respect to the Organization for Trade Cooperation, upon which the Senate will presently be asked to vote—

simplification and improvement of customs valuation procedures—

The President says that is necessary—

increased tourist allowances.

I think these are subsidies, I will say to the chairman of the Finance Committee. Tourist allowances we must give in order to build up the business of foreign nations.

Changes in the law concerning the taxation of income from foreign sources and further developments in tax treaties designed to encourage private investment abroad.

Of course, it is fine to encourage private investment abroad, but are we going to participate in this huge program of expenditure and of action by taking the first step which, in this crisis, grants to the President of the United States, in name only—in reality to anonymous individuals whom we do not know—the power to make trade treaties affecting the commodities of our respective States?

The Senator from Colorado, the leading minority member of the Committee on Finance, asked the Secretary of State, when he was before the committee, whether the bill, as he presented it, would not bring disaster upon some businesses. The only answer of the Secretary of State to the Senator from Colorado was, "Why, the Government of the United States sends soldiers out to die." But the obvious answer to that was that when the United States drafts men, it does it in public, not behind closed doors, and we do it because it is our duty. But we are asked to send businesses down the road to disaster, and to let it be done by somebody else in secret.

What are we thinking about? In this great crisis of civilization, how can we, the strongest free nation in the world, devoted to the theory of popular government, be willing to give up the very basis of popular government, merely because someone says, "Oh, Congress cannot do this work, and the national security is involved."

Mr. President, certainly the national security is involved if the Senate lets this power pass out of its hands. When the dome above the Capitol crashes, government of the people, by the people, and for the people will be gone.

When we turn over the powers of Congress to the executive departments or to the President of the United States, however genial, kindly, or able he may be, we are abandoning the Constitution of the United States and we are saying to our constituents who sent us here, "Mea culpa, mea culpa; I am unable to perform the duty I asked you to entrust me with when I requested your votes."

Mr. President, I hold in my hand the President's message dated April 14, 1955, urging that the Congress approve United States membership in an organization for trade cooperation. Let me read to the Senate—and I hope the Senator from Virginia will pardon me for saying it—the shilly-shally language of the amendment proposed by the great Finance Committee with respect to this world organization, which will have an assembly of its own, and will have an executive board which will tell us where its site will be. It may be in Geneva; it may be in Bandung; we do not know. I shall read what the Finance Committee has said about it, in trying to do the best it could do, if the bill should be passed, without doing something which would obviously be wrong. I read now from page 3, beginning in line 8:

Provided, That the enactment of the Trade Agreements Extension Act of 1955 shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade.

Mr. BARRETT. Mr. President, will my colleague yield to me?

Mr. O'MAHONEY. I yield to my distinguished colleague.

Mr. BARRETT. I should like to ask my colleague a question with reference to that language. As I understand, some of the countries which belong to GATT contend that by reason of the authority inherent in the Reciprocal Trade Agreements Act, the organization which has been established, commonly known as GATT, presently possesses the power to bind the United States not to increase any of the tariffs presently in force or to make any change which would be disadvantageous to them in our law affecting imports.

Mr. O'MAHONEY. That claim has been made, and I think it can be substantiated. But I do not say that conclusively.

However, I will say and I should like to call the attention of my colleague to the statement—that on page 2, in line 21 of the bill, as reported by the committee, there is language, adopted by the House, which provides the first power which under this bill would be granted to the President. That language is as follows:

(A) To enter into foreign trade agreements with foreign governments or instrumentalities thereof.

It does not say "bilaterally." It does not say "collectively"—just as the amendment I read a moment ago does not say "approved" and does not say "disapproved."

Mr. BARRETT. Mr. President, will my colleague yield further to me?

Mr. O'MAHONEY. Certainly.

Mr. BARRETT. Since it is contended that we are already bound, it seems to me, that in order to disavow any such construction, we would have to take a positive position that the passage of this bill shall not be construed to indicate the approval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade, rather than to take a noncommittal stand.

Mr. O'MAHONEY. Of course, the proposal for the new organization for trade cooperation, or whatever the correct name may be—at the moment I have forgotten the exact title——

Mr. BARRETT. It is the General Agreement on Tariffs and Trade; is it not?

Mr. O'MAHONEY. The proposal has been sent to us, and I expect that the Finance Committee will hold some sessions on it. But the moment the committee goes into those sessions, all the pressure which has been brought upon the Republican Members of the Finance Committee to forego stating their convictions about this matter and to forego expressing their doubts, will again be brought to bear upon them, in an attempt to get them to agree to a substitute for the original Neely amendment—a substitute which would put the entire matter, not in the hands of the President, but in the hands of the Secretary of Defense.

Mr. President, to whom are we delegating the power? Furthermore, all the power so delegated will be discretionary.

Mr. BARRETT. Question arises as to whether we may be authorizing the delegation of the powers granted to the Congress, not to the executive branch of our Government, but to decision by a group of nations operating as the GATT organization.

Mr. O'MAHONEY. Individuals who have been sent all over the world, but have never appeared before the Senate Finance Committee or the House Ways and Means Committee, are performing the duty of Members of Congress in that respect.

I remember an occasion in 1933, after the first trade-agreement act was passed in 1930, at which time I was not a Member of the Senate—I did not become a Member until 1933—when I went with a number of other western Senators, Senators from Colorado and Texas, among other Western States, to a meeting of the Committee on Reciprocal Trade Information. The meeting was held in one of the Government buildings in Washington. As I saw those Senators, members of powerful committees created by the Senate to discharge constitutional powers, stand before those figureheads—which is all they were, because they never opened their mouths—and plead for the action those Senators should have been debating upon this floor, I turned upon my heel, took my hat, and returned to my office in the Senate Office Building, because I felt that such a procedure was wholly and completely in derogation of the great dignity of this body.

Mr. MALONE. Mr. President, will the Senator from Wyoming yield to me?

Mr. O'MAHONEY. I yield.

Mr. MALONE. What the Senator from Wyoming has said recalls to my mind the fact that in 1940, when I was special consultant to the Senate Military Affairs Committee, and when the distinguished Senator from Wyoming was a Member of the Senate, Senator Ed Johnson, now the Governor of Colorado, sent me to the same board, to hold the board in session until he could get there to plead the case of one of the minerals produced in his State. That nearly broke my heart, because when he arrived there, the distinguished Senator from Colorado went before that little committee of nonentities, as the Senator from Wyoming has just said, with his hat in his hand; but the members of the board paid no more attention to him than they would have paid if a yellow dog had come through the door.

Mr. O'MAHONEY. That is the way to abandon self-government. If we are going to lead the peoples of the world to freedom, how can we do it by giving up our right to govern ourselves and the people who sent us here? We may make mistakes, we will make mistakes, but the mistakes we make are made in the open, where everyone can see them.

It is said that in times past Members of this body and Members of the House have yielded to corrupt influences. I have been a Member of this body for 20 years, and I have yet to see the slightest indication of any lack of integrity on the part of any Member of this body. Sometimes I do not agree with their views, I will say to the Senator from Nevada, but we all know that Members of this body respect the disagreement of others with their views.

The Senator from Virginia [Mr. BYRD], chairman of the Committee on Finance, listened to my testimony on this amendment before the committee, and he was very kind in his references to the arguments which I made. But I could tell from his smile that he did not have much faith that I would succeed in what I was trying to do.

I offered this amendment in the first instance as long ago as 1934, and that year we came within 6 votes of having the amendment adopted. Some Members of this body, including the great Senator Carter Glass, of Virginia, went before the committee, and stood on the floor of the Senate and argued that trade agreements are treaties and should be ratified, as the Constitution provides treaties should be ratified. It was a persuasive argument. Senator Key Pittman, of Nevada, chairman of the Foreign Relations Committee, offered the amendment to require ratification. The amendment was voted down, because the experts in the State Department, the theorists in the State Department, who had never faced an electorate in their life, felt that the time had come to get rid of toying with the Senate of the United States.

I remember reading a book by Belisarius, in which it was said that Justinian, the great Roman emperor of the eastern empire, complained at the fact that he had to go before the graybeards in the Senate to get permission to move an army. Justinian was an emperor, and the Roman senate was a body representing the ancient Roman ideal of self government.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. MALONE. Let me say to the distinguished Senator from Wyoming that the same experts are still in the Department. Many of the same ones who were there in 1934 are still there. They belong to the second, third, and fourth echelons, and they are still giving the same advice.

If the OTC, the Organization for Trade Cooperation, which amends the GATT regulations, comes before the Congress—and I am advised that it has been brought before the House—and we approve it, we approve GATT, the General Agreement on Tariffs and Trade, meeting at Geneva; but if we do not approve it, we do not disapprove GATT. It will continue. Is that correct?

Mr. O'MAHONEY. There is great danger that it may.

Mr. MALONE. I am certain that it would.

Mr. O'MAHONEY. The Senator will pardon me if I say to him that I promised the majority leader when I took the floor that I would speak for 20 minutes. From the way he is shifting about in his chair, I think probably I have spoken already for 21 minutes.

Mr. MALONE. I congratulate the Senator from Wyoming.

Mr. O'MAHONEY. If the Senator will pardon me for a moment, I shall try to keep my agreement.

I plead with Senators to make certain that no trade agreements shall be proclaimed and made effective solely by the President of the United States, because I say to Senators that the governments of the other parties to these agreements will know, and their people will know, the result; and unless the Senate votes for the amendment which I have offered, Senators will be voting to say not only that the people of the United States will not know, as soon as the nation with which we have agreed, but that they will not know as soon as all the nations under the favored-nation clause will know.

Take the case of Japan. The Finance Committee struck out an amendment dealing with Japan. That was a sop to Senators who represent textile-producing States, States producing cotton and other yarns which go into the manufacture of clothing, because of the fear of competition from Japan. Does anyone fail to know what the situation is in Asia? Does anyone doubt that the President, the Department of Defense, Members of Congress, and, more importantly, the people of the United States, are wondering whether or not we are to have war in Asia? We hear about Formosa, about Quemoy and the Matsus, and about the Tachen Islands, which we have already compelled Chiang Kai-shek to leave. We know that the Red Chinese Communists have violated the armistice which was declared at Panmunjom. We know that they have built their airfields in North Korea. We know that they have received almost 400 jet fighter planes from Russia. We know that the people of Japan, if they are to live, must trade somewhere. If we forbid them to trade with Red China and then deny them an opportunity to trade with the United States, what are we doing to aid in the solution of this great world problem?

This problem has not been thought through. The greatest problem in the world is the loss of government by the people. If my amendment is defeated today, the vote will be a vote by the Senate of the United States to undermine government by the people, because we represent the people. They sent us here.

I could go through the bill page by page and pick out amendment after amendment.

Let me make one more reference and then I shall yield the floor. I read from the famous substitute for the Neely amendment. It is on page 13 of the bill at line 22. It is subparagraph (b) of section 7:

> (b) In order to further the policy and purpose of this section, whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President, and if the President agrees that there is reason for such belief, the President shall—

Take action? No—

> shall cause an immediate investigation to be made to determine the facts.

Mr. President, how can we accept such language as a substitute for the language we want? If we pass the bill as it comes to us from the committee, without the amendment I have offered, which requires that Congress shall know what is being done in its name before it becomes effective, then I say to the Senate democratic government—and I spell it with a small "d"—and popular government is trembling upon the very brink of disaster.

I will close by saying that the bill itself is a conjury of contradictions. It starts out on page 2 with this declaration of purpose. Senators who want to cut down imports and those who want to reduce tariffs should listen to what is proposed:

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

I turn to page 3, subparagraph (2) of paragraph (B):

> (2) No proclamation pursuant to paragraph (1) (B) of this subsection shall be made—
>
> (A) Increasing by more than 50 percent any rate of duty existing on January 1, 1945.

There follow other limitations.

No member of the committee and no Member of the Senate knows what will be done if the bill becomes law. We have a very different situation from the one that existed back in 1930 and 1934, after the economic collapse of 1929. Then we were trying to walk in one direction. Now we are trying to walk in another direction. Now we are trying to avoid war. Now we are trying to establish peace. Now we are trying, by appropriating billions of dollars of our citizens, to build up foreign nations so that they may be economically strong. Yet we pretend to believe that this is a measure which will build up trade and promote trade and commerce and national security. We are following slogans. We are not acting with our brains.

Mr. KILGORE. Mr. President, will the Senator from Texas yield me 2 minutes?

Mr. JOHNSON of Texas. Mr. President, I yield 1 minute to the Senator from West Virginia.

Mr. KILGORE. Mr. President, because of the fact that no yea-and-nay vote was taken on the amendment offered by my distinguished colleague from West Virginia, I wish the RECORD to show that I voted for the amendment.

At the same time I wish the RECORD to show also that inasmuch as the word "reciprocal" has been in my humble opinion prostituted in the whole discussion of trade treaties, unless the pending bill is amended, I expect to vote against the bill.

Mr. JOHNSON of Texas. Mr. President, I yield 5 minutes to the Senator from Colorado.

Mr. MILLIKIN. Mr. President, I am very sorry to have to disagree with the interesting remarks of my good friend from Wyoming [Mr. O'MAHONEY]. If the Senator's amendment were adopted it would be equivalent to a sudden end of the reciprocal trade system, for some very obvious reasons.

Congress, under its constitutional powers, cannot negotiate with foreign countries. If there is to be a reciprocal trade act, negotiations with foreign countries must necessarily be carried on by the Executive.

The executive department could not get any agreements with foreign countries for reciprocal trade if every agreement which was made had to be brought back to Congress and had to go through the tortuous determination of whether it would be acceptable to Congress. Under those circumstances, no nation would want to trade with the United States, and perhaps no nation would be justified in trading with the United States. There would be too much uncertainty involved. We would be held up to ridicule by the other countries with which we would want to make favorable trade agreements under the reciprocal trade system.

Mr. President, can anyone imagine the kind of situation that would be created?

Mr. O'MAHONEY. Mr. President, will the Senator yield?

Mr. MILLIKIN. I yield.

Mr. O'MAHONEY. Does the Senator from Colorado mean to say that because we live in a totalitarian world we must do as the totalitarian countries do?

Mr. MILLIKIN. No; I did not mean to say that. I mean to say that we

should not do as the totalitarian countries do.

Mr. O'MAHONEY. Is it not a fact that many of the nations with whom we have made trade agreements require the submission of agreements to their parliaments before they can become effective?

Mr. MILLIKIN. That may be true in some countries.

Mr. O'MAHONEY. Why should we deny that system to ourselves?

Mr. MILLIKIN. We have a constitutional situation which is somewhat different from that of any other country.

Under the Constitution, Congress cannot carry on negotiations with foreign countries. We must use the executive department for that purpose. The executive department could never count on any assurance coming from Congress, no matter how high an opinion, or whatever opinion it might have of Congress. Our agents going throughout the world, in trying to make trade agreements, could only say, "We are making this agreement with the understanding that it must go back to Congress. We cannot assure you whether the agreement will be satisfactory to Congress or whether it will be modified, or what will happen to it."

The result would be uncertainty in world relations. I cannot imagine anything that would do more to promote uncertainty in our trade affairs throughout the world. I think it would be utterly devastating. There could not be a single agreement made with assurance that it would stand. It would throw our whole world trade into the air. It would be either a part of the sky or anchored to the world, and no one would know of what our world trade consisted.

Let us consider that we have made an agreement, through what would be left under the reciprocal trade system, and it is brought back to the Congress. There is no difference, in real effect, between that and having a restoration of the old statutory tariff system. We might as well make agreements in advance and make them by statutory enactment as we used to do.

Mr. President, I never shall forget that once, when talking with Arthur Vandenberg, he said, "Gene, if we were going back to that system, I would resign from the Senate in 24 hours."

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. JOHNSON of Texas. Mr. President, I yield as much time as the Senator from Colorado may require.

Mr. MILLIKIN. I thank the Senator from Texas.

Mr. President, Senator Vandenberg, and others who were in the Senate in the same period, realized what utter confusion there was, even in that day, in trying to operate a statutory system of tariffs without consultation with other countries, without knowing what the effect would be, without knowing how our trade affairs would be balanced or unbalanced.

The amendment, I respectfully suggest, is perhaps the most crippling amendment that has been proposed to the Senate. I do not say that in a mean way, but to indicate that the amendment would destroy the rational system of trade with the rest of the world.

Supposing an agreement were made with a dozen countries and the agreement were brought back to the Congress. Those who entered into the agreement with us thought they were going to do something to help their own trade, the world's trade, and to better their condition. Then we would start to work on it in the Congress. It would be referred to committees, the Senate Finance Committee and the House Ways and Means Committee. We would start a hearing on every item in the agreement. We could not approve it without having a hearing on every item. There would be hundreds and hundreds of witnesses. Goodness only knows what would happen to the agreement. It would be a miracle if it were approved completely. It might be disapproved, or there might be a suggestion that this, that, or the other thing be done.

As I have said, Congress cannot do its own negotiating. Under our Constitution, that has to be done through the State Department. A certain amount of delicacy is involved in our trade relations. We must work in a sound and rational way in the world in which we are living. We are not in a position to erect a wall and say, "Here are our moats; cross them if you can, and we will cross yours." We must get along with the world on the basis of friendship. I do not mean we should not uphold the rights of the United States, but we must consider the rights of other peoples and be decent and just in our dealings with them. If whatever is agreed upon must have the approval of the Congress, we cannot assure other nations what the Congress will do. Another nation may say, "What kind of a country are you? How do you conduct your affairs? You cannot even make an agreement on trade. The only thing you can do is to go back to statutory tariff making, which does not take into consideration at all the wishes of other countries."

That is our alternative. By voting for the amendment we shall be voting for a return to statutory tariff making.

Mr. LANGER. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield.

Mr. LANGER. Can the Senator name a single country, other than the United States, where an executive agreement does not have to go back to the parliament for approval?

Mr. MILLIKIN. I cannot say that there are more than one or how many there are.

Mr. LANGER. There are not any. If Canada enters into an agreement it must be approved by the Canadian Parliament. If France enters into an agreement, it must be approved by the Parliament of France. All executive agreements and treaties must be acted upon by the ruling body.

Mr. MILLIKIN. I repeat to the distinguished Senator that we would have to stop bargaining for trade agreements over the whole face of the world because no nation would bargain with us since any agreement might become utterly ineffective, and we could not guarantee to keep the agreement. I do not know how often the bargaining we have done with other nations has been repudiated by them.

I suggest, Mr. President, that the Senate decisively vote down the amendment, because if it should be agreed to it would be against the reciprocal trade system and for a restoration of statutory tariffs.

Mr. JOHNSON of Texas. Mr. President, I am authorized by the Senator from Wyoming [Mr. O'MAHONEY] to say that he yields back the remainder of his time. And I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Wyoming [Mr. O'MAHONEY].

The amendment was rejected.

Mr. MORSE. Mr. President, I call up my amendment which is identified as 5-3-55-D.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Oregon.

The CHIEF CLERK. On page 6, line 14, after the word "paragraph", it is proposed to insert "and the provisions of paragraph (6)."

Page 9, line 6, strike out the quotation marks.

Page 9, after line 6, insert the following new paragraph:

(6) No proclamation made under paragraph (1) (B) of this subsection shall take effect until after the expiration of 90 days of continuous session of the Congress following transmittal of the proclamation to the Congress. Such proclamation shall be transmitted to both Houses of Congress on the same day and to each House while it is in session. If, within 90 days of continuous session of the Congress following the receipt of such proclamation, either House of the Congress has passed a resolution stating in substance that that House does not approve the action of the President, then the proclamation shall not take effect and the foreign trade agreement shall be inoperative. For the purposes of this paragraph—

(A) continuity of session shall be considered as broken only by an adjournment of the Congress sine die; but

(B) in the computation of the 90-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than 3 days to a day certain.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. O'MAHONEY. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. For what purpose?

Mr. O'MAHONEY. I wish to move that the action taken upon the rejection of my amendment be reconsidered. The reason why I make that motion is because I was in conference with my colleague, the senior Senator from Wyoming, about a matter wholly concerned with the people of Wyoming.

I have talked on numerous occasions with the distinguished Senator from Texas about my amendment, on which I thought it was understood that I was to have an opportunity to ask for a yea-and-nay vote. Therefore, I wish to move to reconsider the vote by which my amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. O'MAHONEY. I yield.

Mr. JOHNSON of Texas. I had no understanding with the Senator from Wyoming that he was to have an opportunity to exercise his rights as a Senator. The Senator told me that he wanted to speak for 20 minutes. I asked him if, at the conclusion of his speech, he wanted to yield back his time, provided I would yield back mine. He told me that that was what he wanted to do.

When the debate on the amendment had been concluded, I looked over the Chamber, trying to locate the Senator. I could not find him. I then went to the cloakroom, where I was notified that he was talking with his colleague.

I asked the Senator if he still wanted to yield back his time, on the condition that I would yield back mine. He told me that he did.

I rose and addressed the Chair in, I thought, a sufficiently loud-enough voice for every Senator to hear me. I stated that the Senator from Wyoming had authorized me to yield back his time, and that I was authorized to yield back the time I controlled. After the time had been yielded back, I did not control the situation. It was a matter for each individual Senator. It was a matter for the Chair and the Senate finally.

But I have no objection to the request of the Senator from Wyoming. If a sufficient number of Senators wish to have the roll called, I shall ask unanimous consent that the Chair accept the request or the demand by the Senator from Wyoming for the yeas and nays; and if a sufficient number of Senators second the request, the roll will be called.

Mr. O'MAHONEY. The Senator from Texas is very kind.

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Is the time for the procedure suggested to be taken from the time of the Senator from Oregon? [Laughter.]

Mr. MORSE. That would be all right with me, Mr. President, because I could offer more amendments.

The PRESIDING OFFICER. The Chair is not encouraging such action at the moment; but if the Senator from Oregon will yield, the Chair will put to the Senate the request of the Senator from Texas.

Mr. MORSE. I yield for that purpose.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Texas that the Senator from Wyoming be permitted to ask for the yeas and nays on his amendment? The Chair hears none, and it is so ordered.

First, it will be necessary to have reconsidered the vote by which the amendment was rejected. Without objection, the vote by which the amendment was rejected will be reconsidered.

Mr. O'MAHONEY. Mr. President, I now ask for the yeas and nays on my amendment.

The yeas and nays were not ordered.

Mr. O'MAHONEY. I thank the Senator from Texas for his courtesy.

The PRESIDING OFFICER. The question now is on agreeing to the amendment of the Senator from Wyoming.

The amendment was rejected.

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. MORSE. Mr. President, at the outset of my brief speech in support of my amendment I wish to congratulate the Senator from Wyoming [Mr. O'MAHONEY] upon his very brilliant speech this afternoon on constitutional law and on our constitutional system of the separation of powers and the system of checks and balances.

Earlier today I engaged in an interesting colloquy with my very dear friend the distinguished Senator from Illinois [Mr. DOUGLAS], with whom I find myself in complete disagreement on the matter of constitutional checks and balances in respect to the proposed legislation. I called his attention to the fact that 2 or 3 years ago he made a very sound observation with regard to a truism, namely, that a liberal need not be a wastrel. I would have the Senator from Illinois reflect today upon the fact that a liberal also should be a constitutionalist.

I wish to say a few words in support of my amendment, which really is correlated to the amendment offered by the Senator from Wyoming, but with a difference in procedure in order to accomplish the same end. I wish to say something about it in support of constitutionalism, because I speak most respectfully when I say that I think under the procedure of the pending bill the Senate is straying far from the very important constitutional safeguards which we owe to the people of the United States, whom we represent.

I think it is well, from time to time, just to finger the Constitution; to turn its pages and reflect again upon what our duties as Senators are; to ponder anew the meaning of our system of separation of powers and the meaning of our system of checks and balances; and also to keep in mind some of the very elementary principles of constitutional law.

So I would have the Members of the Senate take a look at article I, section 8, of the Constitution. We have heard the great words of our organic law many times in our lifetime, but never too often. This section points out that:

> 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.

Not a word is said in that article, or anywhere else in the Constitution, about delegating the constitutional power to lay and collect duties and imposts. This does not happen to be one of the powers that can be delegated. It is a legislative function, and it cannot be delegated.

Yet as I listened to some of the speeches in the debate, I was astounded, because some of the speeches have forced me to the conclusion that there are Senators who seem to be laboring under the mistaken notion that the legislative power of Congress can be delegated. It cannot be delegated. All that Congress can delegate is administrative power. The Supreme Court decisions on the subject matter are as long as our arms.

In effect, what the Senate is doing today, under the bill, under the pretense of delegating administrative power, is to violate article I, section 8, of the Constitution. We are in fact going beyond the delegation of administrative power.

I turn now to article II, section 3, which refers to the powers of the President of the United States. I read:

> He shall from time to time give to the Congress information of the state of the Union, and recommend to their consideration such measures as he shall judge necessary and expedient; he may, on extraordinary occasions, convene both Houses, or either of them, and in case of disagreement between them, with respect to the time of adjournment, he may adjourn them to such time as he shall think proper; he shall receive ambassadors and other public ministers; he shall take care that the laws be faithfully executed, and shall commission all the officers of the United States.

That article does not say that the President shall make the laws or lay the tariffs. Not a syllable in that section of the Constitution justifies the inference that Congress has the authority to delegate to the President the power to make tariffs.

The phraseology can be as it is in the bill, with all the language that is wanted, which seeks to give to the American people the impression that Congress is not attempting to delegate legislative power; but the fact remains that in practice, under this kind of law, that is exactly what the President will end up by doing.

So, as I have for several years past—this is not a new position for the senior Senator from Oregon—I am raising my voice again by proposing to write into the reciprocal trade law some constitutional checks upon the President of the United States, by providing for a procedure whereby Congress will have the mandatory duty to check the President, not at its whim; and if Senators will read my amendment, they will find that I do exactly that.

My good friend, the distinguished Senator from Colorado [Mr. MILLIKIN], persuasive and plausible as he is, engaged, I think, in a very unsound argument when he told us that foreign countries will not negotiate with the United States if we do not give the President the power of finality in regard to reciprocal trade agreements. The Senator from Colorado's saying so does not make it true. The fact is that the United States is constantly negotiating a great many understandings with other countries in the field of foreign relations. Those countries know full well the residuary power of the Congress to check the President of the United States.

I say most respectfully that I think it is pure nonsense to argue in the Senate that if we do not give the President the unchecked power, we cannot walk into the reciprocal trade agreement conference in Geneva and negotiate reciprocal trade agreements with foreign powers.

I will tell you what I think our duty is, Mr. President. Our duty is to teach some of these countries with whom we negotiate in Geneva the importance of a system of democratic processes. It is important for us to teach them what a

system of constitutional checks and balances really means. It is important for them to have an understanding that the President of the United States does not sit in the White House as a dictator over the welfare of the American people, but that he sits in the White House of the United States, subject to the constitutional checks of the Congress of the United States.

Article I, section 8 of the Constitution, in my judgment, places a clear constitutional duty upon the Congress of the United States to write into this law some constitutional checks upon the President of the United States. And I am not at all moved by the scarecrow arguments of the Senator from Colorado to the effect that if we do not yield this important constitutional duty on our part here this afternoon, we are not going to be able to negotiate any reciprocal trade agreement.

I am at a loss to understand the argument, because what the Senator from Colorado is arguing this afternoon is that we should yield our power of check to a greater extent than it is yielded in Canada or Great Britain. I repeat, Canada and Great Britain place greater checks on their negotiators than we do in the United States.

As was pointed out this afternoon, I wish to say we are talking about protecting a government by the people. There are Members of Congress who go around the country talking about our system of checks and balances, but I fear that they talk in political clichés, because the test of whether they believe in it is how they vote in the Senate toward retaining the constitutional checks upon the executive branch of the Government.

Mr. President, I will tell you what I think we are doing this afternoon with this approach to the pending bill. We are creating votes for the Bricker amendment, and I am opposed to the Bricker amendment because, in my judgment, the Bricker amendment interferes with the President's foreign policy power. But you see, Mr. President, what has been done here by a sort of semantic sleight-of-hand performance. We are trying to give the American people the impression that these reciprocal trade agreements are primarily a function of foreign policy. They do not happen to be that at all; that is secondary. The primary function in regard to entering into trade agreements falls under article I, section 8, of the Constitution of the United States, namely, the delegated power of the Congress of the United States over duties, or, in other words, over tariffs.

There is another fallacy set forth by the proponents of the bill, to the effect that we cannot have a reciprocal trade agreement unless Congress is read out of the act. I have come to the conclusion that we are not going to have a sound reciprocal trade program, we are not going to have true reciprocity, unless Congress is more jealous in protecting the authority given to it by the Constitution of the United States to fix duties.

That is why for a good many years past I have argued, as I am arguing this afternoon, for some effective exercise by the Congress of the United States upon the negotiators of so-called reciprocal trade agreements, but which for the most part so far have lacked, in fact, very much reciprocity.

In the course of the debate, there has been considerable argument that the commissions which Congress has set up under various laws it has passed, such as the Interstate Commerce Commission, the Civil Aeronautics Board, and various agricultural commissions, are precedents for what is proposed in the pending bill. Of course, the fallacy in that argument is that we are dealing here with a specific constitutional function delegated to the Congress of the United States. It was true in decades gone by that tariff rates were written on the floor of the United States Senate, and on the floor of the House of Representatives. It became clear that the Congress would not be able to do much else if it did not stop writing tariff rates on the floor of the Congress.

So what did Congress do? It passed broad legislation. But the Supreme Court has held time and time again that, with sufficient standards and criteria laid out, so that the legislative function of the Congress was fulfilled in the field of tariffs, all the Tariff Commission had to do was to administer those standards and apply them to specific economic problems as they arose in connection with various items of production and numerous other factors of the American economy. When the Tariff Commission was so functioning it acted administratively, not legislatively.

As Members of the Senate know, some of those cases had very close lines of distinction drawn by the Supreme Court as between legislative and executive power. But where the laws had been sustained, they were upheld upon the general theory that the Congress set forth standards in the bill sufficiently specific so that all the Commission had to do was apply those principles to a given situation under the law, after a hearing duly called.

The argument by analogy made in the debate this afternoon about the Interstate Commerce Commission and the Civil Aeronautics Board is foreign and irrelevant to the point I am making. Under the Constitution, this happens to be a delegated authority, and it is mandatory, in my judgment, for the Congress to fix the duties, and Congress cannot delegate that power to the President of the United States.

There is no question, in my judgment, in the matter of constitutional theory, that we can delegate an administrative function to the President of the United States; but if Congress delegates to the President of the United States an administrative function involving a legislative duty of the Congress, the President is not the Chief Executive in that particular function; he is really an administrative officer of the Congress. In that case he is not functioning as the Commander in Chief, nor under article II of the Constitution, in respect to executive power. In such instances the President becomes the one person in our Government to participate in those particular negotiations—but as our administrative officer, not as President of the United States. Nor does he then carry out a foreign policy.

That function does not involve a question of the President's being, under the Constitution, the one who has charge of foreign affairs. He would be carrying out an administrative function with respect to a constitutional power of the Congess of the United States to fix duties—in other words, to fix tariffs.

I am not going to be one in this body who in effect seeks to transfer to the President of the United States the power to make tariffs.

Mr. President, I believe in reciprocal trade. There has been another false assumption in the debate that I wish to answer, at least for my own benefit. It is that one cannot believe in reciprocal trade and cannot support reciprocal trade unless he writes Congress out of the act. I do not accept that thesis at all. To the contrary, I am satisfied that we will get reciprocal trade if Congress and the President work cooperatively on such agreements. I think in that argument one of the primary essentials is that the President of the United States should inform the Congress what those agreements are before they become final and binding.

Mr. DOUGLAS. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. DOUGLAS. Is the Senator from Oregon aware of the fact that in the 90 years from 1844 to 1934 only 3 minor reciprocal trade agreements were consummated, namely, between the United States and Canada and Newfoundland, in 1854; between the United States and Hawaii, in 1875; and between the United States and Cuba, in 1902; and that, on the other hand, the following agreements were unsuccessful: with the German Zollverein, in 1844; with Hawaii, in 1855; with Hawaii, in 1867; with Canada, in 1875; with Mexico, in 1883; with Spain, Cuba, and Portugal, in 1884; with the Dominican Republic, in 1884; with Newfoundland, in 1888; again with Newfoundland, in 1890; again with Newfoundland, in 1902; and with Canada, in 1911? Will the Senator from Oregon take note that in the case of our neighbor to the north, Canada, we tried by treaty for almost 75 years to obtain an agreement with her, and we never were able to consummate one through the process of a treaty ratified by the Senate and approved by both countries?

So, although the Senator from Oregon is a profound constitutional lawyer, yet, Mr. President, in his desire for legal nicety, what he is doing is to pass a death sentence upon any effective program of reciprocity.

Mr. MORSE. Mr. President, the Senator from Illinois amuses me. How easy it is to set up several premises and then to draw a conclusion that has nothing at all to do with them. That is exactly what he has done.

I am surprised at the Senator from Illinois, who seems to think that one is engaging in constitutional niceties; but all the Senator from Illinois does is point out to me that one can be a liberal without being a constitutionalist in every case.

Before the Senator from Illinois entered the Chamber, Mr. President, I reflected upon a statement he made several years ago, namely, that in order to be a liberal, one does not need to be a wastrel. But I say to him that he had better be a constitutionalist, because his entire argument this afternoon has been away from the Constitution, and he has attempted to throw out the window the entire system of checks and balances. In making that approach, he is attempting to imitate the totalitarians; now he wants to throw out the window the entire group of powers granted to Congress in article I, section 8 of the Constitution. Mr. President, let the Senator from Illinois read that part of the Constitution again and again. He needs to read it, and then he needs to study some of the Supreme Court decisions regarding what those provisions mean.

But what the Senator from Illinois is proposing here, today, I say most respectfully, is that we attempt to delegate to the President of the United States the congressional power to fix tariffs, imposts, and duties. Mr. President, we should not do that. I do not accept the argument of the Senator from Illinois that we, the representatives of the American people, cannot cooperate with the President in negotiating a reciprocal trade agreement.

Let me tell the Senator from Illinois why I think that what he has said in his references to the period of years during which practically no such agreements were entered into by the United States, is true. The reason is that in that period of time the people of the United States did not favor such agreements. But today a great change has occurred; today, in my judgment, such agreements happen to be the will of the people. But they do not want us to carry them out contrary to constitutional provisions. They believe that we, as their representatives, should help work out such agreements, and should be a party to them. But the President would deprive us of being a party to them.

Time and time again, many of us, including the Senator from Illinois, do not even know what these agreements are. In fact, the people of foreign countries know about them long before we do.

What I am pleading for, in the course of my debate with the Senator from Illinois, is that he join with me, as I am willing to join with him, in fighting for a program of reciprocal trade agreements. But I have confidence in the representatives of the people who want such agreements. I have confidence that we can succeed in having such fair agreements put through the Senate.

Mr. DOUGLAS. By the treatymaking power?

Mr. MORSE. But I am not willing to give to the President the dictatorial power that the Senator from Illinois is willing to give him. I am not willing to make any President the kind of dictator over the economic life of the people that the Senator from Illinois apparently is willing to make him, by surrendering congressional powers. I am not willing to surrender the congressional powers under article I, section 8, of the Constitution of the United States, to Dwight Eisenhower or to any other President; and I have so argued here on the floor of the Senate for many years.

Mr. DOUGLAS. Mr. President, will the Senator from Oregon yield further to me?

Mr. MORSE. I yield.

Mr. DOUGLAS. Is the Senator from Oregon proposing, therefore, that before any agreement can be effective, it must be ratified by the Senate?

Mr. MORSE. I am proposing that after the President approves an agreement—either at Geneva or wherever else such agreements are negotiated—a period of 90 days shall elapse, while the Congress is in session; and the agreement shall not become effective if, during the period of 90 days, either House by resolution directs that the treaty shall not go into effect. That will be a constitutional check.

Mr. DOUGLAS. It will be a check, all right.

Mr. MORSE. And it is one that is sorely needed.

I am not in favor of giving the President of the United States the power to participate, through a representative in Geneva, in entering into an agreement affecting a segment of American industry, while the Congress of the United States sits helpless.

But in the debate we have reached the point where, if one of us raises his voice against a proposed reciprocal trade policy, it is said that he does not believe in reciprocal trade. Mr. President, I do believe in reciprocal trade, but I insist that we work out reciprocal trade agreements under the Constitution. I do not understand why the Senator from Illinois assumes the premise that the Congress must be gotten out of the picture before we can have a reciprocal trade agreement. The people of my State are in favor of such agreements, but they are also in favor of having them worked out under the framework of the Constitution. That is what I propose to do. Under article II of the Constitution, which provides that the President shall execute the laws enacted by Congress, I am not going to seek to delegate to the President the power, in effect, to write laws.

Mr. DOUGLAS. Mr. President, the Senator from Oregon is quite well aware of the fact that when the specific duties and tariffs were passed by Congress, the result, in nearly every instance, was that the industries which demanded protection simply swamped the Congress.

Mr. MORSE. But in those early days there was not a Tariff Commission, either. It was established later.

Mr. DOUGLAS. But there was a Tariff Commission in 1882.

Mr. MORSE. Yes, but I refer to the period before then.

Mr. DOUGLAS. And some of the worst tariff bills were passed shortly after that time. I think one of the worst was the McKinley bill. The McKinley bill, the Dingley bill, the Fordney bill, and the Smoot-Hawley-Grundy bill constitute a chamber of horrors. In Madam Tussards' Chamber of Horrors they would rate very high.

Mr. MORSE. Mr. President, let me ask the Senator from Illinois a question concerning the two periods of American history about which we find ourselves in such complete disagreement, insofar as interpretation is concerned. Prior to the establishment of the Tariff Commission, the tariff bills were written on the floors of the two Houses of Congress. In my judgment, American history shows that in that period of time the overwhelming majority of the American people were protectionists.

Mr. DOUGLAS. Mr. President, I challenge that opinion. The Democratic Party was extremely strong from 1876 to 1896 and was dominant from 1912 to 1920.

Mr. MORSE. Mr. President, I would expect the Senator from Illinois to challenge it. But the fact is that during that period the American people returned to the Congress, term after term, men who ran before the people on platforms for high protection; and they were elected and reelected.

I believe in representative government, and I believe that the victories of the protectionists came under representative government; those men ran in their campaigns on the tariff issue, and were elected. They served in Congress, and were elected and reelected; and that situation in regard to tariffs existed for a number of decades.

Then something began to happen; there began to be a shift in public opinion. More and more persons started coming over to the so-called free trade approach, although free trade in those days was quite different from free trade as we now understand it. But there was ashift in public opinion in the Nation.

So it was decided that some expert help should be obtained, at least in administration; and the Tariff Commission was set up as an agent of the Congress. Congress then simply laid down general criteria or standards for the Tariff Commission to apply. But still, even as of then, the so-called high-tariff point of view was the prevalent point of view throughout the country.

There is a third period to which I call the Senator's attention, and we are living in it. Now I think the American people recognize that we cannot live unto ourselves alone economically. I think the American people now recognize that we are doomed economically if we try to go along in this century on the basis of any program of economic isolationism. Therefore, we now have support—thanks to Roosevelt and Truman—for the ideal of a reciprocal-trade program. I am for the ideal, but I refuse to accept the assumption of my friend from Illinois that we cannot practice that ideal unless we delegate all our powers to the President of the United States. The people expect us to do our job on reciprocal trade.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. DOUGLAS. I am afraid my good friend from Oregon represents an ambivalence in the mind of the American people when he says that he is for reciprocal trade. Nearly everyone gives verbal adherence to that doctrine now, but in practice we find a very large percentage using every practical means

they can to stymie it. When we reach an extreme case, ambivalence becomes schizophrenia. I am not suggesting that the Senator from Oregon has progressed or degenerated to that point, but I do say that he is ambivalent. He reminds me of the character in Stephen Leacock's short story, who mounted his horse and rode off in all directions. On the one hand, he is for reciprocal trade. On the other hand, he is for putting shackles on reciprocal trade. As Mr. Dooley once described Theodore Roosevelt as saying, "On the one hand I am for smashing the trusts. On the other hand, not so fast."

Mr. MORSE. Let me say to my friend from Illinois that I have not been deluded, as I respectfully say his argument shows he is, by executive power. There is no great virtue in executive power. Unchecked power exercised by the executive is a tremendous danger to free government in this country today; and the Senator from Illinois, as a great liberal—he is a great liberal—should remember that he, like the Senator from Oregon, is entitled to his fair share of mistakes. On this question I think the Senator from Illinois is making one of his bad ones.

Mr. DOUGLAS. I have made mistakes before. It is quite possible that I may make mistakes in the future.

Mr. MORSE. So have I made mistakes. But I do not think I make a mistake when I hold firm to the principle that the Congress of the United States should not relinquish its powers. I cannot erase from the Constitution article I, section 8.

Let me mention something else the Senator from Illinois is overlooking in the third period. First, we had the period before the Tariff Commission, then the period of the Tariff Commission without the reciprocal trade program, and now we have a reciprocal trade agreements statute on the books. We are seeking only some amendments to it. This statute really gives the stamp of approval to the ideal of a reciprocal trade program.

Mr. DOUGLAS. A platonic ideal, in effect, without any relationship to reality.

Mr. MORSE. The people are for it; but the people have already had some sad experiences under it. They have seen how reciprocal trade has been used to the great disadvantage of our country in certain instances.

Mr. DOUGLAS. In what instances?

Mr. MORSE. In connection with agriculture. Today American agriculture has already suffered in some segments from a reciprocal trade program. This afternoon, before I finish, I shall offer amendments to seek to give greater protection to certain segments of American agriculture.

Mr. DOUGLAS. American agriculture, so far as wheat, cotton, tobacco, and rice are concerned, needs an export market; and we cannot get an export market for those products unless we take imports, under some reciprocal trade arrangement.

Mr. MORSE. I do not know why we must economically erode some farms in order to build up others. What we are doing is supporting a program of economic erosion for some segments of agriculture, on the theory that it might help some other segments of agriculture.

Mr. DOUGLAS. Again I say to my good friend that I supported the Kennedy-Humphrey amendment. I am sorry that only four hands were raised in the Senate when a request was made for a yea-and-nay vote on it. I would have welcomed the opportunity to record my vote on it, because it provided that those injured by low tariffs could be compensated. I believe that is a social cost. However, we should not allow an incidental social cost to blind us to the general benefits.

Mr. MORSE. When I can agree with the Senator from Illinois I am happy to do so. I would have been glad to raise my hand in support of a request for the yeas and nays on the Humphrey amendment if it had not been for the fact that I was testifying before a committee at the time in support of a bill.

I wish to come back to the particular point of difference between the Senator from Illinois and myself. I listened to him point out his arguments in language which caused me to form the conclusion that he seems to think that the Congress of the United States is really the enemy of the public interest when it comes to the matter of fixing duties, and that the people cannot look to the Congress to protect their interest. That I wish to deny with all the emphasis of which I am capable, because I think the Senator from Illinois does a great injustice to the Congress when he takes such a position, and I think he casts an unwarranted reflection on the intelligence of the American people.

The American people trust us, under article I, section 8 of the Constitution, and we have a duty to carry out that delegated authority. In my judgment, we cannot escape the conclusion that under the proposal which the Senator from Illinois is supporting, without a check on the President, we would be delegating to him a function which the Congress ought to exercise in cooperation with him, under article I, section 8 of the Constitution.

That is my position on this question, and on my amendment. I wish the Senator from Illinois would give some attention to the wording of the amendment. Under the terms of the amendment not a single reciprocal trade negotiation at Geneva would be stopped. The representatives of the various nations could go ahead and negotiate. When they were through negotiating our representatives would have to make it clear, as the Canadian and British representatives must make clear, that they do not act with finality, but that they must come back, under our Constitution, and subject the proposed agreement to constitutional processes.

In my judgment, article I, section 8 of the Constitution is a clear mandate upon the Congress of the United States not to delegate to the President, either in his executive capacity or in a special capacity as an administrative officer of the Congress of the United States, the power to settle a trade agreement in Geneva with finality.

Let me say to the Senator from Illinois that I am satisfied that with the kind of check I am suggesting no tariffs would be written on the floor of the Senate. I am satisfied that with the check I am suggesting there would be no difference in the processes of negotiating trade agreements at Geneva. The difference would be that the President of the United States would let us in on the act. The President of the United States would tell us what the agreement was about. The President of the United States would have to inform us as to the terms of the agreement, and we would have 90 days within which to take a look at it. If we thought the President had done a good job through his emissaries at Geneva, we would do nothing, and the agreement would automatically become law at the end of 90 days.

What is wrong with a waiting period of 90 days? Why must the agreement be final in Geneva when the signatures are signed to the agreement? Why not wait for 90 days? Does the Senator from Illinois think for a moment that it is not true that the procedure we have worked out under the reciprocal trade program places the presumption in favor of the President when he negotiates an agreement? Under the terms of my amendment such presumption would remain just as strong. I think a clear case would have to be made in either branch of the Congress to show that the President should be overruled in connection with a particular trade agreement. Prediction is always risky, of course, but I am willing to venture the conjecture that if my amendment were adopted, the Senator from Illinois would find very few trade agreements changed or rejected by the Congress.

Let me tell the Senator from Illinois what I think would be the situation. I believe that my amendment would serve clear notice on our negotiators that they had better see to it that they negotiate a real reciprocal agreement, and that they do not do irreparable damage to some segment of American industry. I think the taxpayers of the country are entitled to such protection from our representatives at Geneva.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MORSE. I shall be glad to yield in just a moment.

I think it is a very good thing to teach the totalitarian governments in Europe this kind of checking system in a democracy. We should teach them that the President of the United States really does not sit in the White House as an economic dictator, which I say most respectfully the Senator from Illinois would make him out to be, if we do not put a check on the President as well as on the Senator from Illinois.

I now yield to the Senator from Illinois.

Mr. DOUGLAS. I hope the Senator from Oregon will not place too painful a check on me.

Mr. MORSE. Oh, no. It will be a check of love and affection.

Mr. DOUGLAS. Let me ask the Senator from Oregon if he is acquainted with the writings of Jonathan Swift?

Mr. MORSE. I am not a student of them, as is the Senator from Illinois, but I have spent many hours reading them.

Mr. DOUGLAS. Has the Senator read Gulliver's Travels?

Mr. MORSE. Oh, yes.

Mr. DOUGLAS. Does the Senator remember Gulliver's voyage to the country of Lilliput, the land of the pygmies? Gulliver fell asleep and woke up to find that the pygmies had bound him with little threads, each of which was minute, but, taken in their totality, they prevented him from moving.

Now, the Senator from Oregon may not be a pygmy. I do not think he is, but he is playing the part of a Lilliputian in trying to bind the Gulliver of freer trade with restriction after restriction after restriction, to prevent a reduction in tariffs. If the Senator from Oregon has not read Gulliver recently, I would suggest that he read it tonight before he goes to bed. If he does so he will see how accurately it describes his conduct and behavior.

Mr. MORSE. I may say to my friend from Illinois that his kind of argument, based on analogy, always has the delightful feature that it may be turned back on him. It is the American people who are being bound in this matter by the kind of giant power the Senator from Illinois wants to give to the President of the United States. It is not a pygmy power, but a giant power.

Mr. DOUGLAS. In other words, the Senator from Oregon is saying that I am taking a voyage in Brobdingnag, the land of the giants, instead of in Lilliput.

Mr. MORSE. I am saying that the Senator from Illinois is seeking to give the President of the United States an arbitrary and capricious power I do not believe the Senate should relinquish to him. The Senator would give the President unchecked power. I would check the President's power.

Mr. DOUGLAS. We already have the peril point and escape clause provisions.

Mr. MORSE. I have voted for those provisions. However, as I have stated in years gone by, the record will show that they are ineffective checks. The real check is the kind of check that I am proposing this afternoon, or the even stronger check which the Senator from Wyoming [Mr. O'MAHONEY] proposed. I believe mine is the weaker of the two checks. However, I believe it is adequate. We should have a waiting period of 90 days, while Congress is in session, so that we may take a look at an agreement. Then if there is cause to ask for a change, we should proceed to debate it. If one House of Congress says to the President, "We do not think this is in the public interest," he has no final say with regard to that agreement, and he must try again.

Mr. President, I have made my major point on this particular amendment. I said that I did not intend to talk at great length on the amendment. I am glad that I was able to engage in the interesting colloquy with the Senator from Illinois, because as a lawyer I always enjoy an argument with an economist. However, when it comes to asking economists for expert advice, I am almost a little amused when economists set themselves up as constitutional lawyers, of a sort of sea captain type.

I respectfully say to the Senator from Illinois that as an economist he ought to spend some time reading the Constitution of the United States and the Supreme Court decisions that interpret it, instead of Gulliver's Travels. If he did that, he would have a better understanding of article I, section 8, than he has demonstrated today on the floor of the Senate. If he did so, he would know that we cannot delegate, under the Constitution, legislative powers, and he ought to join with me in insisting that we check the President of the United States and work out reciprocal trade agreements cooperatively with the President of the United States.

In closing I wish to say I am proud again to join with the Senator from Wyoming [Mr. O'MAHONEY] in the brilliant constitutional argument he made this afternoon. It was a refresher course in constitutional law for the Senator from Illinois, who sorely needed it in this debate. I submit my amendment.

Mr. WILEY. Mr. President, will the Senator from Oregon yield for a question?

Mr. MORSE. I yield.

Mr. WILEY. First I wish to say that I listened with great profit to the discussion between those two lovebirds, the Senator from Oregon and the Senator from Illinois.

Do I understand that the Senator from Oregon claims that the legislation we contemplate here is unconstitutional if it is passed in the form in which it is now before the Senate?

Mr. MORSE. I say that I believe the legislation has the effect of delegating a legislative power. However, because the United States Supreme Court, in the close cases to which I have referred, held that if Congress so frames a law that it seems to be delegating an administrative power, the law probably will be sustained as a delegation of an administrative power.

However, we should not engage in a kind of intellectual sleight of hand. We should recognize what we are doing. What we are really doing is passing to the President of the United States, to all intents and purposes, the power of finality over the matter of fixing duties.

Mr. WILEY. We know that Secretary of State Hull entered into a great many agreements.

In *Field* v. *Clark*, decided in 1892, this type of legislation was sustained against the objection that it attempted an unconstitutional delegation "of both legislative and treatymaking powers."

I am reading from page 442 of the Constitution of the United States of America, Annotated, with the printing of which I have had something to do.

My second question is——

Mr. MORSE. Let us pause there for a moment. I am familiar with the decision the Senator has referred to.

There is nothing unconstitutional about a reciprocal trade-agreement program, provided we follow constitutional checks. In my judgment we ought to make doubly sure that we do not delegate in effect any legislative power. We are delegating it in effect. I believe the people we represent have a right to expect us to exercise the duty of seeing to it that the President's agreements are reviewed by Congress.

Mr. WILEY. I understand that. The point I was making—and I want to make it clear—is that I understood the first point the Senator from Oregon has made is that it is unconstitutional because it is delegating legislative power.

Mr. MORSE. Oh, no.

Mr. WILEY. The Supreme Court held just the opposite. In a later case, *Altman & Co.* v. *the United States* (224 U. S. 583), decided 20 years later, a collateral question was passed upon.

I shall read further from the Constitution, Annotated:

This was whether an act of Congress which gave the Federal circuit courts of appeal jurisdiction of cases in which "the validity or construction of any treaty, * * * was drawn in question" embraced a case involving a trade agreement which had been made under the sanction of the Tariff Act of 1897. Said the Court: "While it may be true that this commercial agreement, made under authority of the Tariff Act of 1897, paragraph 3, was not a treaty possessing the dignity of one requiring ratification by the Senate of the United States, it was an international compact, negotiated between the representatives of two sovereign nations and made in the name and on behalf of the contracting countries, and dealing with important commercial relations between the two countries, and was proclaimed by the President.

If not technically a treaty requiring ratification, nevertheless it was a compact authorized by the Congress of the United States, negotiated and proclaimed under the authority of its President.

We think such a compact is a treaty under the Circuit Court of Appeals Act, and, where its construction is directly involved, as it is here, there is a right of review by direct appeal to this Court.

My second question——

Mr. MORSE. Let us pause on that question. The decision itself, as the Senator has pointed out, involves a transaction that was authorized by Congress.

Mr. WILEY. Surely, but——

Mr. MORSE. And on that basis reciprocal trade agreements are approved——

Mr. WILEY. Under the Tariff Act of that date.

Mr. MORSE. Within the policy of Congress. That was my thesis. If the Senator from Wisconsin had listened—and the RECORD will speak for itself tomorrow—I pointed out that the reciprocal trade agreement program has been sustained on that basis, namely, that the persons responsible for it are carrying out an administrative act, not a legislative act.

Then I pointed out to the Senate that what we are in effect doing, however—and I referred to it as a sort of sleight of hand—is transferring the tariff-making powers to the President of the United States.

I am willing to do that on an administrative basis, provided we place a check on the President. I am willing to do it if we recognize that he is doing it as an administrative officer of Congress, not as President of the United States acting under article II of the Constitution.

I repeat that part of the argument. When the President enters into reciprocal trade agreements, as far as these trade agreements are concerned, he is really functioning as an administrative officer of Congress, not as the Chief Executive, with powers under article II.

Mr. WILEY. If the Senator will yield further, I think it was on that latter point that I felt I had noticed something I had not noticed before. It related to the advisability, not the legality, of putting into operation that check. That is the very point the Senator from Oregon has made which I believe bears looking into, in view of the fact that in this decision the Supreme Court has definitely found that it is correct and legal for the legislative branch to delegate, under the tariff laws, the power that is now included in the present bill.

Mr. MORSE. Oh no, no. No Supreme Court decision has held anything like that. There is no Supreme Court decision on the present bill. The Supreme Court has not passed on the present bill. What the Senator is doing is arguing, by way of analogy, that the terms of the acts are the same.

I am too good a lawyer to accept that kind of citation of precedent. When we call on the President of the United States under article I, section 8, of the Constitution, to carry out an administrative function, I raise the question whether, in effect, we are not, in the name of giving him an administrative function, giving him the power to go further than that. I would put a check on him. That is all I am asking.

Mr. WILEY. I understand the Senator, but I think he could be mistaken about it, when there is in this volume which was prepared by a distinguished lawyer, this language:

> In *Field* v. *Clark* this type of legislation was sustained against the objection that it attempted an unconstitutional delegation of both legislative and treaty-making powers.

That is the point I have in mind.

Mr. MORSE. It delegated administrative power. It was, therefore, constitutional. I referred to those cases. There are many in addition to the Clark case. But unless the Court can find there has been a delegation of administrative power, it would be unconstitutional. Let me point out to the Senator that we cannot find the answer by hiding behind this facade of administrative function when we know that what is happening is that the President of the United States is writing tariffs.

Mr. WILEY. Does the present bill contemplate delegating legislative power?

Mr. MORSE. I think it will get by the Supreme Court.

Mr. WILEY. Please answer the question, yes or no.

Mr. MORSE. Do not interrupt me until I am through. I think the Supreme Court would sustain the present bill on the same ground on which it sustained the Clark case when it found an administrative function. How does that relieve the Senator of his responsibility to protect the people of Wisconsin in regard to their tariff rights? I do not think we should exercise that kind of a function in the Senate of the United States. I think we should be fighting for the application of the check which the Senator so eloquently talks about regarding our glorious system of checks and balances under the Constitution. Here is a chance for the Senator from Wisconsin to put his nice-sounding speeches into effect by voting for my amendment.

Mr. WILEY. I thank the Senator for his "plug." Is not the whole argument, based upon what he has stated, the advisability of putting into effect what he calls a check-and-balance system; and is it not also true that others have the right to contemplate and think whether or not that check-and-balance system would not put us out of business? Have we not a perfect check and balance when any agreement which has been entered into could be abrogated by a joint resolution at any time, by the joint action of the two Houses? That is my question.

Mr. MORSE. It is a very interesting question, because the Senator from Wisconsin knows the answer to it. He knows that the joint resolution procedure is not going to be resorted to by the Congress. If we give the President the power we are giving him in this bill and do not provide for the check procedure, no check is going to be exercised against him by a joint resolution. We do not know the terms of a great many of the reciprocal trade agreements which have already been entered into.

I wish to say to the Senator that he will find me fighting shoulder to shoulder with him in opposition to the Bricker amendment when it comes before the Senate. But what the Senator is saying now is helping to make votes for the Bricker amendment. I wish to make it necessary for the President of the United States to notify us as to what is in the agreements negotiated at Geneva. The farmers in my State, the cherry growers, the apple growers, the pear growers, do not like some of the provisions in this bill, because we do not have a check. The President has not notified us as to what is in the agreements. That kind of a check should be put in so that we may know what the President is doing.

What the Senator from Wisconsin and the Senator from Illinois are arguing for is a strengthening of Government by secrecy. There is no substitute for public disclosures on these matters. The American people are entitled to know the contents of these agreements.

Mr. DOUGLAS. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. DOUGLAS. The Senator has let the pear, the peach, the apricot, the filbert, and the walnut out of the basket, and I think they loom larger in the Senator's mind than does the constitutional argument. He is making an argument for the walnuts, the apricots, the peaches, and the other products over which I have heard him weep. I have often, in the past heard him talk about the soft lambs in this body——

Mr. MORSE. We won that case.

Mr. DOUGLAS. One could almost hear the bleating of the ewes as the Senator spoke of the soft lambs. Is he now going to desert the soft lambs?

Mr. MORSE. I am very glad to have now what I think is the final non sequitur from the Senator from Illinois in his argument, because he is saying that different segments of our economy which have been done irreparable damage by unwise agreement at Geneva are not entitled to a constitutional check upon the President of the United States. Apparently he believes the President should be allowed to go ahead in secrecy, and not let us in on the act to prevent a wrong from being done.

We won the case on soft lambs. It did not involve reciprocal trade. It involved a bad Agriculture Department policy. We won it on the domestic front.

We have no right to accept the Senator's major thesis that in order to prevent injustice being done to the farmers of my State we should give the President of the United States greater powers to operate in secrecy. Whenever a reciprocal trade agreement comes before us the Senator will find me fighting for it, even though it may do some minor damage to some segment of the economy in my State.

Mr. DOUGLAS. Peaches, apples, walnuts, apricots, and cherries?

Mr. MORSE. On the basis of a fair reciprocal trade agreement dealing with apricots and cherries I shall go along, but not with many hundreds of acres of trees being uprooted in the past several years without a single dollar of compensation to the farmers who have lost those orchards.

What is wrong with protecting segments of our economy from a confiscation policy of the President of the United States which the great liberal from Illinois is defending on the floor of the Senate this afternoon? I am going to check him. We may win this fight next year or the year after. We shall win it once the American people come to understand the unsoundness of the position which the Senator from Illinois, the Senator from Wisconsin, and the Senator from Colorado have taken on the floor of the Senate today.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Four minutes remain.

Mr. DOUGLAS. Mr. President, on this amendment I ask for the yeas and nays. I think the Senator from Oregon is entitled to the yeas and nays.

Mr. MORSE. I join in that request.

The yeas and nays were not ordered.

Mr. MORSE. I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the acting majority leader wish to use all his remaining time?

Mr. CLEMENTS. Mr. President, I yield back such time as has been unused.

The PRESIDING OFFICER. Does the Senator from Oregon wish to use his remaining time?

Mr. MORSE. I am desirous of developing a quorum, to see if a yea-and-nay vote cannot be had on my amendment. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The absence of a quorum having been suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Flanders	McNamara
Allott	Frear	Millikin
Anderson	Fulbright	Monroney
Barkley	Goldwater	Morse
Barrett	Green	Mundt
Beall	Hayden	Neely
Bender	Hickenlooper	Neuberger
Bennett	Hill	O'Mahoney
Bible	Holland	Pastore
Bricker	Hruska	Payne
Bridges	Humphrey	Potter
Bush	Ives	Purtell
Butler	Jackson	Robertson
Byrd	Jenner	Russell
Capehart	Johnson, Tex.	Saltonstall
Carlson	Johnston, S. C.	Scott
Case, N. J.	Kefauver	Smathers
Case, S. Dak.	Kerr	Smith, Maine
Clements	Kilgore	Smith, N. J.
Cotton	Knowland	Sparkman
Curtis	Langer	Stennis
Daniel	Lehman	Symington
Dirksen	Long	Thurmond
Douglas	Magnuson	Thye
Duff	Malone	Watkins
Dworshak	Martin, Iowa	Welker
Eastland	Martin, Pa.	Wiley
Ellender	McCarthy	Young
Ervin	McClellan	

The PRESIDING OFFICER. A quorum is present.

Mr. MORSE. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Georgia [Mr. GEORGE], the Senator from Tennessee [Mr. GORE], the Senator from Missouri [Mr. HENNINGS], and the Senators from Montana [Mr. MANSFIELD and Mr. MURRAY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent by leave of the Senate, because of illness.

I announce further that, if present and voting, the Senator from Georgia [Mr. GEORGE], the Senator from Tennessee [Mr. GORE], the Senator from Missouri [Mr. HENNINGS], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Montana [Mr. MANSFIELD] would each vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Delaware [Mr. WILLIAMS] is necessarily absent.

The Senator from California [Mr. KUCHEL] and the Senator from Kansas [Mr. SCHOEPPEL] are detained on official business. If present and voting the Senator from California [Mr. KUCHEL] would vote "nay."

The result was announced—yeas 13, nays 73, as follows:

YEAS—13

Dworshak	Langer	Russell
Jenner	Magnuson	Scott
Johnston, S. C.	Morse	Young
Kerr	Neely	
Kilgore	O'Mahoney	

NAYS—73

Aiken	Case, N. J.	Green
Allott	Case, S. Dak.	Hayden
Anderson	Clements	Hickenlooper
Barkley	Cotton	Hill
Barrett	Curtis	Holland
Beall	Daniel	Hruska
Bender	Dirksen	Humphrey
Bennett	Douglas	Ives
Bible	Duff	Jackson
Bricker	Eastland	Johnson, Tex.
Bridges	Ellender	Kefauver
Bush	Ervin	Knowland
Butler	Flanders	Lehman
Byrd	Frear	Long
Capehart	Fulbright	Malone
Carlson	Goldwater	Martin, Iowa
Martin, Pa.	Payne	Stennis
McCarthy	Potter	Symington
McClellan	Purtell	Thurmond
McNamara	Robertson	Thye
Millikin	Saltonstall	Watkins
Monroney	Smathers	Welker
Mundt	Smith, Maine	Wiley
Neuberger	Smith, N. J.	
Pastore	Sparkman	

NOT VOTING—10

Chavez	Kennedy	Schoeppel
George	Kuchel	Williams
Gore	Mansfield	
Hennings	Murray	

So Mr. MORSE's amendment was rejected.

Mr. MORSE. Mr. President, I now call up my amendment identified as "E"; and I have a perfecting amendment which I should like to have the clerk incorporate in the amendment.

My perfecting amendment or modification is as follows:

On page 2, in line 3, strike out the words "either House of" and insert the word "the" before the word "Congress"; and in the same line, before the word "resolution" insert the word "concurrent."

In line 4, before the word "opinion," strike out "the" and insert "its"; and in the same line, after the word "opinion", strike out the words "of that House."

Mr. President, I send the corrected or modified amendment to the desk, and ask that the amendment, as it now stands, be read.

The PRESIDING OFFICER (Mr. BIBLE in the chair). The amendment, as modified, will be stated.

The LEGISLATIVE CLERK. On page 13, between lines 15 and 16, it is proposed to insert the following new section:

SEC. —. Subsection (c) of section 7 of the Trade Agreements Extension Act of 1951 (19 U. S. C., sec. 1364) is amended by adding "(1)" after "(c)" and by adding at the end thereof the following new paragraph:

"(2) In any case where the President makes a report, as provided in paragraph (1), he shall also transmit to the Senate and House of Representatives a message stating his reasons for not taking action on the recommendations of the Tariff Commission. The message shall be submitted to both Houses of Congress on the same day and to each House while it is in session. If, within 90 days of continuous session of the Congress following the receipt of such message, the Congress passes a concurrent resolution stating in substance that in its opinion the recommendations of the Tariff Commission should be carried out, then the President shall take action to carry out such recommendations. For the purposes of this paragraph—

"(A) continuity of session shall be considered as broken only by an adjournment of the Congress sine die; but

"(B) in the computation of the 90-day period there shall be excluded the days on which either House is not in session because of an adjournment of more than 3 days to a day certain."

Mr. MORSE. Mr. President, I shall speak for only 2 or 3 minutes on the amendment.

I submit the amendment, and request its approval, for the same reasons I advanced in support of the previous amendment, namely, the importance of providing a check upon the President of the United States, for I believe we should write into this law checks upon the President, rather than give him power to the degree of finality which otherwise we would give him over the fixing of duties.

So, Mr. President, I submit the amendment, and request its adoption. The amendment merely provides that after the Tariff Commission makes its report to the President, and after the President files his report with the Congress, it shall remain before the Congress for a period of 90 days, before becoming final; and during that period the Congress shall have the power, through concurrent resolution, to reject the position taken by the President.

Mr. President, we must keep in mind the fact that the Tariff Commission is our administrative child. We should review its findings. I do not believe we should accept as automatically as we would under the present procedure, the position or procedure of the President.

Mr. President, I yield back the remainder of the time available to me upon the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon.

Mr. JOHNSON of Texas. I yield back the time available to me on the amendment.

Mr. President, at this point I wish to announce that the senior Senator from Georgia [Mr. GEORGE] has requested me to state, and to have the RECORD show, that he is opposed to any individual amendments to the bill, and that he is in favor of the passage of the bill.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment of the Senator from Oregon. [Putting the question.]

The nays appear to have it; and the nays have it, and the amendment, as modified, is rejected.

Mr. MORSE. Mr. President, I offer the amendment—my last one—which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 13, in line 10, after the word "articles", it is proposed to insert "or raw materials or other components of such products or articles, respectively; and evidence of serious injury or threat of serious injury to any readily determinable segment of such producing organizations shall, for the purposes of this act, be considered evidence of serious injury or threat of serious injury to the domestic industry producing like or directly competitive products or articles."

Mr. MORSE. Mr. President, in support of the amendment I wish to read a very brief statement:

On February 4 and March 11, I discussed the difficulties confronting fruitgrowers in Oregon and in other parts of the Nation with respect to their efforts to be heard in Tariff Commission proceedings. Growers of cherries, grapes, mint, and comparable products find the doors of the Tariff Commission closed to them when they seek to be heard in escape-clause and peril-point proceedings under the Trade Agreements Extension Act of 1951. We have heard a great deal about the peril-point and escape-clause proceedings, Mr. President, but the fact is that in actual administration they do not provide the

relief that the Senator from Colorado [Mr. MILLIKIN] has sought in his arguments on this subject to lead the Senate to believe is afforded.

As the situation was described by a prominent member of the Cherry Growers Association, when he appeared before the Senate Finance Committee, earlier this year, we find the following to be the case:

The Tariff Commission in several escape-clause proceedings under section 7 of the present act, involving imports of finished products, has held that the term "domestic industry" as used in the act includes only the domestic manufacturers of the finished product involved, and does not include or cover growers, fishermen, or other producers of the raw material or components from which the finished product is prepared.

The sweet-cherry industry of the United States, comprising the growers, handlers, and first processers of the fresh fruit, specifically has been denied status under the present escape-clause provisions of the Trade Agreements Act. In 1952, in an escape-clause proceeding brought by glacé-cherry manufacturers, the Tariff Commission majority ruled that the cherry growers and the briners who grow and prepare the cherries used by the domestic glacé-cherry manufacturers are not a part of the domestic industry producing products like or directly competitive to imported glacé cherries, and that, therefore, any injury which the imports might cause to the growers and briners would be immaterial in determining whether or not the domestic industry was injured.

That results, Mr. President, in unfair discrimination against the farmers who are engaged in these particular fields of agricultural production.

These people—most of them farmers or individuals in the so-called small business category—are entitled to their day in court before the Tariff Commission. If they are not permitted to be heard, and to be heard in the very near future, the fruit growers and businessmen in many nonagricultural groups, such as fishermen and miners, will be faced with a restrictive interpretation in these cases as an accomplished fact.

The amendment I am offering today will, if enacted, accomplish two worthwhile results:

First. It will give these important segments of our agricultural and industrial economy the standing which they need so that they may be heard and have their claims for relief considered by the Tariff Commission.

Second. It will clear up any possible question of their right to be heard by the Commission because it states specifically that evidence of serious injury or threat of injury to the segment of an industry shall be considered evidence of serious injury or threat of serious injury to the industry itself.

I recognize that the committee amendment gives to these segments of our economy standing, if the particular article which they produce is involved. But it is important that they, as producers of the raw materials, have standing before the Commission when the article under investigation is the finished produce processed from such raw materials.

Mr. THYE. Mr. President, will the Senator yield for a question?

Mr. MORSE. I yield.

Mr. THYE. Would such a producing group or individual producer be permitted to present arguments before the Department of Agriculture, the Department, in turn, to represent such group or individual before the Tariff Commission? I think the Senator has raised a pertinent question.

Mr. MORSE. The processors and producers with whom I have talked tell me that they get no assistance from the Agriculture Department, and that the only way they know, from sad experience, that they can be protected is to have their day in court, before the Tariff Commission itself.

All I am asking for is a fair procedure. The Senator from Minnesota, as a result of his service with me in the Senate, knows what a stickler I am for fair procedure, which guarantees to Americans their day in court. All I am asking is that these farmer groups and small processors, small-business men, be allowed to present their case before the Tariff Commission, and not have the very narrow interpretation of the present law operate against them, as has been the case in the past.

Mr. THYE. Mr. President, if the Senator will further yield, the question I asked the distinguished chairman of the committee, the Senator from Virginia [Mr. BYRD] when he had completed the explanation and presentation of the bill to the Senate, was whether provision had been made for the proper presentation of a cause before the Tariff Commission. He stated emphatically that the procedure had been simplified. He stated that the President could impose quotas, and that the situation with respect to the delay which had been experienced under the previous administration of the Reciprocal Trade Act had been greatly improved by the terms of the pending bill.

When I heard the Senator from Oregon, who is a distinguished lawyer, present the argument in behalf of the producer, I recognized that a serious and very important question was involved. I realized that if the cherrygrower, the applegrower, or any other type of individual grower, or growers as a group, did not have the opportunity to plead their case, the situation was serious from the standpoint of possible injury because of undue importations. I am very desirous of having the question thoroughly explored.

Mr. MORSE. I assure the Senator from Minnesota that the producers and growers are completely dissatisfied with the so-called improvements of the bill, because there is nothing in the bill as it stands at present which gives them, beyond any doubt, the right to go before the Tariff Commission and present their case. We should not require them to go through any agency of the Government. They ought to have their own day in court, and I think it is most unfair not to provide that day in court by way of procedure under the bill.

In closing, Mr. President, our Government cannot stand by idly and watch any segment of our agricultural or domestic economy drift into economic shoals without ever having given them an opportunity to present their cases to the Government at the Tariff Commission level. In too many instances they are denied the opportunity to make the case they would like to make and their relationships to the rest of our economy are so important that they have the right to be heard by an appropriate Government agency on facts that may relate to their survival.

That is all they are asking for, under my amendment. They are asking to be heard before the body which must make the first recommendation. They are asking the opportunity to be cross-examined by that body on the basis of the evidence they present. As a lawyer and a constitutional liberal I cannot bring myself to vote against a proposal on their part which seeks to give them what this amendment seeks to give them, namely, their day before the Tariff Commission. Therefore I urge serious consideration of this amendment, which affects so many farmers and small-business men across the length and breadth of our Nation.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. MAGNUSON. I presented such an amendment to the committee, and the committee attempted to reach the objective stated by the Senator from Oregon, but apparently the language is somewhat unfortunate. I had intended to ask the Senator from Virginia [Mr. BYRD] a series of questions which would probably clear up the legislative intent and interpret the word "growing" in the bill. Of course, the amendment of the Senator from Oregon would clear up the question entirely. I was hoping that we might save time if the Senator from Virginia would take the amendment to conference and clear it up, because it is my understanding that the committee fully intended to do exactly what has been suggested.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. JOHNSON of Texas. On the basis of advice from the staff, I think I am prepared to answer the question of the Senator from Washington.

Mr. MORSE. Mr. President, let me interrupt long enough to say to the Senator from Washington that I shall be delighted to have him join as a cosponsor of my amendment. I did not know that the Senator from Washington had offered such an amendment in the committee. I should be delighted to have the Senator's name added to my amendment as a cosponsor, if he cares to have the RECORD so show.

Mr. MAGNUSON. I appreciate the statement of the Senator.

The difficulty stems from the fact that in a case involving the cherry growers, the cherry growers found themselves out of court. They had no opportunity to get into court.

Mr. MORSE. Some other growers are also involved.

Mr. MAGNUSON. Some other growers are also involved. The committee attempted to correct the situation, but I think possibly there might be some misinterpretation of the language. I think the better way would be for the committee to take this amendment to

conference and draft language consistent with the intent of the committee.

Mr. JOHNSON of Texas. Mr. President, if the Senator from Washington cares to have his question answered, I am prepared to answer it.

Mr. MAGNUSON. I appreciate that. I did not know that the Senator from Texas was prepared to speak for the Senator from Virginia.

The amendment was prompted by the fact that the cherry growers found themselves out of court in a case involving their interest. As the Senator from Oregon points out, many other growers are involved. Approximately 50 percent of the cherry crop goes into glazed cherries or other processed cherries. In 1952 the growers appeared before the Tariff Commission, and the Tariff Commission took a restricted view of what constituted domestic industry. In effect, it ruled the growers out of court. This difficulty involves many other growers.

Mr. MORSE. Another example of such a processed product is apple candy.

Mr. MAGNUSON. Yes. The amendment was designed to give the growers their day in court, by making the definition of a domestic industry include producers of a raw product which is processed into a like or directly competitive product.

I read subsection (e) of section 6, on page 13 of the bill:

(e) As used in this act, the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" mean that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles. Where a particular business enterprise is engaged in operations involving more than 1 industry, or more than 1 readily determinable segment of a single industry, the Commission shall, so far as practicable, distinguish or separate the respective operations of such business enterprise for the purpose of determining injury.

In other words, reading subsection (e) in its entirety, I have the impression that, under the committee's new language, the cherry growers, for example, could have their day in court, because 50 percent of their product goes into glazed cherries, or other processed cherries. Excessive imports would be injurious to such growers.

I ask the Senator from Texas whether or not my understanding of the language is correct.

Mr. JOHNSON of Texas. I have been informed by counsel on the floor that the Senator from Virginia [Mr. BYRD] had carefully considered the statement made by the Senator from Washington, and if the Senator from Virginia were present on the floor, he would answer the question of the Senator from Washington in the affirmative, namely, that his statement is correct. The answer is "Yes."

Mr. MAGNUSON. That would clear up what the Senator from Oregon has discussed, because it involves many other problems.

Mr. MORSE. I respectfully say that I do not believe it clears it up. When we are dealing with a procedural program, the only way in which it can be cleared up is by writing the procedural guaranty into the legislation. That is exactly what my amendment would do. I see no reason why the committee should not accept the amendment and take it to conference. In conference the amendment can be considered. The committee on conference may be able to treat it in their conference report, and to write language which would make it more certain that any discussion on the floor could make it.

Mr. MAGNUSON. I should like to have not only the discussion, which fortifies the amendment, but also the amendment. However, in lieu thereof, I do hope that the discussion on the floor will be helpful. I should like to associate myself with the amendment offered by the Senator from Oregon, because it involves a very serious situation in the Pacific Northwest, and in all fruit-growing areas of the United States.

Mr. MORSE. May I have the attention of the Senator from Texas? I am trying to live up to our gentleman's understanding that I would present my case as briefly as I can, consistent with the rights of the people involved. Do I understand the Senator from Texas is not in a position to take the amendment to conference? As I interpret the feeling of the Senate this evening, it seems to be that this matter ought to be cleared up. If the subject is taken to conference, and the conferees find that the position I take bears up, as I am sure it will bear up, then the conferees can bring it out of conference.

Mr. MILLIKIN rose.

Mr. JOHNSON of Texas. Mr. President, if the Senator will yield, I should like to say that we will take the amendment to conference.

Mr. MORSE. I thank the Senator from Colorado very much. [Laughter.]

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. MAGNUSON. I think it would have been all right the other way. I looked at it quite thoroughly today, but it is definitely clear now. I am sure that was the intention of the committee when the amendment was presented to the committee. I am sure the committee will prevail in conference, and the whole matter will be cleared up.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. NEUBERGER. I wish to thank my distinguished colleague for bringing this subject before the Senate. I attended some of the conferences——

Mr. MORSE. And my colleague was very helpful in those conferences.

Mr. NEUBERGER. It was agreed that our fruit growers as primary processors had been grievously discriminated against—compared with other primary processors—in their ability to present their case to the Tariff Commission. For that reason I wish to associate myself with the views expressed so ably by my distinguished senior colleague.

Mr. MORSE. I do sincerely thank the Senator from Texas for his cooperation on this matter and also the cooperation he has extended to me all afternoon as we have proceeded with the discussion of this amendment.

Mr. JOHNSON of Texas. I reciprocate the Senator's sentiments.

Mr. HOLLAND. Mr. President, will the Senator from Texas yield?

Mr. JOHNSON of Texas. I yield.

Mr. HOLLAND. Apropos the question affecting agricultural products that has been raised by the Senator from Oregon, I should like to ask whether section 22 of the Agricultural Adjustment Act, as amended, remains in the extension of the Reciprocal Trade Agreements Act in case the pending bill is passed. Does section 22 remain in the Agricultural Adjustment Act?

Mr. JOHNSON of Texas. I understand that section 22 is contained in the Agricultural Adjustment Act. We are not doing anything to repeal section 22 of that act, as I understand.

Mr. HOLLAND. Regardless of where the section may be found, I should like to be sure that section 22 is left unimpaired.

Mr. JOHNSON of Texas. I so understand.

Mr. HOLLAND. I thank the distinguished majority leader. Does section 8 (a) of the last extension of the Reciprocal Trade Act remain in the act in case it is extended today? That section applies to perishable agricultural commodities, and applies a quick and peremptory course of action for the relief of perishable agricultural commodities which are threatened by foreign imports, in certain cases.

Mr. JOHNSON of Texas. I am informed by the staff—I do not have the exact information to supply to the Senator from Florida, because the chairman of the committee is at dinner—that the answer is no; it does not.

Mr. HOLLAND. Section 8 (a) is not left in the act?

Mr. JOHNSON of Texas. It is not. The staff informs me that it was amended to meet a temporary situation, and that section 8 (a) is still the law.

Mr. HOLLAND. Then the answer of the distinguished Senator from Texas is that section 8 (a) is still in the law. Is that correct?

Mr. JOHNSON of Texas. If that is the question the Senator is asking; yes.

Mr. HOLLAND. I am asking that question.

Mr. JOHNSON of Texas. Yes.

Mr. HOLLAND. I thank the distinguished Senator from Texas.

The chairman of the committee has returned to the Chamber. I should like to ask him whether section 8 (a) of the Reciprocal Trade Agreements Act, as extended, remains in the law if the pending measure is passed.

Mr. BYRD. I am informed by the staff that that is correct.

Mr. HOLLAND. I thank both distinguished Senators.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Without objection, the amendment offered by the Senator from Oregon is agreed to.

Mr. DOUGLAS. Mr. President, I call up my amendment 5-3-55-J.

The PRESIDING OFFICER. The Secretary will state the amendment of the Senator from Illinois.

The LEGISLATIVE CLERK. On page 12, beginning with line 9, it is proposed to strike out all down to and including line 15, page 13, as follows:

SEC. 5. The last sentence of subsection (a) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (a)), is amended to read as follows: "The Tariff Commission shall immediately make public its findings and recommendations to the President, including any dissenting or separate findings and recommendations, and shall cause a summary thereof to be published in the FEDERAL REGISTER.".

SEC. 6. (a) Subsection (b) of section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364 (b)), is amended by adding at the end thereof the following: "Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry."

(b) Section 7 of the Trade Agreements Extension Act of 1951, as amended (19 U. S. C., sec. 1364), is amended by adding at the end thereof the following new subsection:

"(e) As used in this act, the terms 'domestic industry producing like or directly competitive products' and 'domestic industry producing like or directly competitive articles' means that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles. Where a particular business enterprise is engaged in operations involving more than 1 industry, or more than 1 readily determinable segment of a single industry, the Commission shall, so far as practicable, distinguish or separate the respective operations of such business enterprise for the purpose of determining injury."

Mr. DOUGLAS. Mr. President, the discussion on the reciprocal trade bill in the Senate pretty clearly indicates that the controversy over the tariff has taken a new phase.

For almost a century the struggle was whether we should have a protective tariff or a low tariff; whether the aim should be to protect American industry at whatever cost, or whether we should try to expand trade and gain the attendant advantages.

The proponents on each side were frank and open in their position. Henry Clay did not disguise the fact that he stood for protection. The great Democratic leaders of the century, John C. Calhoun, of South Carolina; Robert J. Walker, of Mississippi; Oscar Underwood, of Alabama; Cordell Hull, of Tennessee; and, yes, a little known Representative from my State who did heroic service, William R. Morrison, frankly argued for freer trade.

The issues were out in the open.

Senator Aldrich, Senator Smoot, Representative Fordney, Senator McCumber, Senator Grundy, and Representative Hawley were advocates of protection.

The issues met head on. A choice had to be made.

Now we seem to be in a period in which everyone gives lip service to the cause of reciprocal trade, but many, by clauses and reservations and amendments, seek in effect to prevent freer trade from coming into effect.

That is the extraordinary situation which we have in the Senate.

I must confess that I thought we were, in a sense, in an Alice-in-Wonderland world when my good friend, the brilliant senior Senator from Colorado [Mr. MILLIKIN] made his eloquent defense of reciprocal trade. That, indeed, seemed to me to be an extraordinary occurrence.

What is the point of this, Mr. President? Verbal adherence is given to the idea of reciprocal trade. The President says he believes in it. The Secretary of the Treasury, who succeeded Mark A. Hanna in his company, says he believes in it. The leaders of the Republican Party now say they believe in it. It is really quite extraordinary, Mr. President. But it is also interesting that at the same time some of them actively propose restrictions which, in practice, would tend to prevent freer trade from actually occurring.

We should not exaggerate the importance of this bill. To my mind, the General Agreement on Tariffs and Trade is far more important than is this bill; and I almost feel the Senator from Colorado whetting his mighty broad ax as he gets ready to plunge it into the skull of GATT.

Mr. President, there is also the question of the extraordinary complications which now surround the tariff, the interminable delays in finding out what the tariff is going to be, the multiplication of redtape which discourages importers and strangles trade. All this is in the background. To my mind, a simplification of customs procedures which would permit classification of duties and articles into a few simple categories with given percentages and which would prescribe on what basis of value the tariff should be computed, would do far more for the cause of freer trade than does the bill presently before the Senate.

But this administration, Mr. President, has not prepared such a bill; or if it has prepared such a bill, it has not submitted it. So I find myself bemused at the situation which we face. The real issue is kept in the background, but a great verbal show is made that we are carrying forward a program of reducing tariffs and expanding trade so that this administration can go before the people and say, "Yes, we believe in freer trade." And the Madison Avenue boys can scatter their propaganda and advertise it over the country. But it is all froth and little substance.

Mr. President, that is the real practical situation, and those of us who have any insight into what is happening know that is so.

Mr. President, in my colloquy with my good friend, the Senator from Oregon [Mr. MORSE], I referred to the fact that many members of the public and of the Congress, with the best intentions in the world, are both for reciprocal trade and against it, at the same time. They are for it as a verbal matter, but when it touches cherries or soft lambs or walnuts or apricots or fish or wool or cheese or gingham or chemicals or bicycles, to mention an industry in my own State, they employ every means to prevent reciprocal trade from being effective. I think our good friends who take this position are honest, but as I said, they suffer from what the highbrows call ambivalence, which is to say that they are on both sides of the question at the same time. They like to run with the hounds and also be chased as a hare at the same time.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. The Senator has pointed out that they are for reciprocal trade, but they want a special exemption for bicycles. They would also like special protection for walnuts. There is really no conflict, because the reciprocity is between the bicycle man and the walnut man. One says, "You help me maintain my bowl of cherries for the evening, and I will help you obtain a sack of walnuts for the weekend." That is the reciprocity to which the Senator from Illinois refers.

I wish to associate myself with him in his reference to the alacrity with which the administration leaders speak up for reciprocal trade. They have had a conversion which makes me wonder whether the last principles and traditions of the Republican Party have been frittered away. There was a day when good, solid men stood here and advocated protection for infant industries, even though those infants had grown slightly out of their breeches. They are still for infant industry, breeches or no breeches, but they do not want to see anything really happen which would destroy the wonderful illusion they present in theory.

Mr. DOUGLAS. The Senator is completely correct.

Mr. MAGNUSON. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. MAGNUSON. This is all very amusing, but I do not like to have cherries brought into the discussion as a divertisement. The Senator from Oregon and I were merely trying to allow those who grow cherries to be able to appear in court like representatives of any other industry. We do not know whether there will be any tariff. I am sure the Senator from Illinois has always advocated that everyone should have his day in court. The Senator can discuss bicycles, cheese, and all the other items he desires, but please leave out cherries. The cherry growers are merely trying to get their day in court.

Mr. DOUGLAS. Would the Senator mind if I mention lead, zinc, coal, oil, wool, and sugar?

Mr. MAGNUSON. Now we are getting down to the meat of the tree nuts.

Mr. DOUGLAS. Mr. President, we have gotten into a position where many pretend to be for reciprocal trade but are really not willing to carry it through to its logical conclusion. This is what I term ambivalence, being both for a proposition and against it at the same time, being both "yes" and "no." The psychiatrists have a word for the most pronounced cases of ambivalence, namely, schizophrenia, or split personality, one part of the personality going off in one direction and the other part of the per-

sonality going off in another direction. These are the most advanced cases of inconsistency, and they are not wholly absent from the discussion of this subject.

Mr. President, I think we should get down to fundamentals. Due to the Republicans we have bound reciprocal trade around with so many restrictions that it has been crippled in the past few years. Since the peril point and the escape clauses became a part of the law, no new agreements have been really negotiated.

Instead of removing these restrictions, instead of making it more possible to have broader trade, the committee has fastened still further restrictions into the bill; and it is these further restrictions in connection with the escape clause which I am trying to remove.

My amendment would strike out three further restrictions upon the escape clause which the committee has added to the bill. It would strike out section 5, on page 12, which directs not only that the Tariff Commission shall report to the President, but also shall make public its findings and recommendations, and print them. The amendment also would strike out section 6 (a), which contains some extremely interesting language. One can read it over and over again, compare it with the existing language, and still wonder what it means.

But I think I know what it means. It means that whereas now one can get a duty reduction removed if he proves that the reduction has directly injured his industry, in the future it can be removed if the injury is either actual or relative. Notice this language: "whether it has contributed materially to the serious injury or to the threat of serious injury to such industry."

Note the words "contributed materially." It does not have to be the primary cause; it does not have to be the predominant cause, of any injury; it simply has to be a material cause, a partial cause; and it may be only a threatened injury.

Under this provision, once the President has negotiated an agreement, and even once it is in effect, every industry in the country can run to the Tariff Commission.

My amendment would also strike out subsection (e), on page 13, which provides that it is not necessary to prove a contribution to a material injury or a threat of injury to an industry as a whole. There need be injury or threatened to only a minute part of the product of an industry, and an exemption can be claimed on that ground as well. The industry as a whole can prosper; but if there is one minute section of the industry which is hurt, then that industry can go to the Tariff Commission, the Tariff Commission can make its findings—and it has to publish its findings—and the heat can be turned on the President.

I do not wish to repeat an analogy I used before in a discussion with the Senator from Oregon [Mr. MORSE]; but this situation is very similar to what happened to Gulliver, when he strayed into the country of Lilliput and found himself bound by a large number of small threads, each of which was individually weak, but which collectively bound him hand and foot.

Now the enemies of reciprocal trade, instead of opposing reciprocal trade openly, have put the threads around the principle of freer trade, to make it impossible to function or, perhaps I should say, to make it difficult to function.

Then there is the club over GATT; and there is also retained the extraordinary complexity of our customs procedure. So the principle of freer trade is in the prisonhouse, and it will be very difficult to get it out.

But the administration has its slogan. It has the title to H. R. 1. Its high-powered advertising men can go forth over the country and say, "See, we have brought you freer trade." They can get advertising; the protectionists can get protection; everybody will be happy; and Congress will vote for the bill. We will go through this pious performance as though something great and fundamental had been effected.

The amendment I propose aims to strike out the three added restrictions. It would return the bill to the form, insofar as these provisions are concerned in which it passed the House. It would return the bill to the form in which the Speaker of the House, SAM RAYBURN, and the very able Representative from Tennessee, JERE COOPER, steered it through the House.

Mr. President, instead of adding to the difficulties, let us go back to the House version of the bill.

I now yield 15 minutes to the distinguished senior Senator from Tennessee [Mr. KEFAUVER].

Mr. KEFAUVER. Mr. President, I wish to speak in support of the amendment offered by the distinguished Senator from Illinois [Mr. DOUGLAS].

No proposed legislation that comes before Congress at this session can command greater priority than H. R. 1. Extension of the Trade Agreements Act in itself would be legislation of considerable importance. For this legislation initiated in 1934 by my distinguished fellow Tennessean, the Honorable Cordell Hull, has served us well. In its original conception the trade agreement system was designed to assist in sweeping away the cobwebs of trade restrictions that had grown up as a result of the great depression. Judge Hull's vision was one of loosening the bonds of world trade so that production, employment, and standards of living throughout the world would be increased.

There can be no question that the trade agreements program made a significant contribution to that end. It helped support and sustain the economic recovery of the late thirties and added to the strength that was necessary to the successful prosecution of the war against totalitarian tyranny.

The extension of the Trade Agreement Act of 1945 was the last occasion on which additional authority was granted to the President with which to negotiate reductions in duties. On that occasion we were motivated by considerations that were not unlike those that gave birth to the Trade Agreements Act. Here again our concern was that of adding strength and substance to the economies of the free world. By the extension of 1945 we committed ourselves to fostering and participating in the economic growth of the free world community.

To be sure, the basic problems that faced the economies of our allies were problems of reconstruction from the fundamental economic disturbances that were brought on by the war. Trade can only follow production, and our concern was primarily in enhancing production and economic growth. Yet we knew that in a period of basic readjustment there would be a tendency for our allies to take protective steps through their trade policy which would be designed to protect their domestic market and to conserve foreign exchange.

We were interested in preventing the growth of trade restrictions such as those that grew up after the disaster of the great depression. To do that, we extended the trade-agreements program of 1945 and gave the President the authority to reduce tariffs by 50 percent below the level obtaining on January 1 of that year.

In 1947 the United States negotiated with the major trading nations of the world the General Agreement on Tariffs and Trade; an agreement on tariffs, as the name itself implies, as well as on trade rules. Through this agreement we have sought to maintain, even through the arduous days of the postwar reconstruction, the adherence to a liberal and nondiscriminatory world-trading system. We knew full well that only with economic recovery, particularly in Western Europe, would it be possible to accomplish a reconstruction in world trade, but we also knew that economic recovery was bound to come and that we had to preserve the gains which had already been made in world trade and to lay the groundwork for future achievements.

The extension of the Trade Agreements Act this year, therefore, has special meaning. For 2 years, the free-world economy has given evidence of growth and stability. What we had so devoutly hoped for when we initiated the Marshall plan has in great measure been realized. Production has been restored. Domestic inflation has been defeated, and world currencies enjoy a measure of strength they had not enjoyed in a good many years.

With this return to economic health, it becomes vitally important that we move ahead now to make the progress in expanding world trade that is so vital to continued health. The importance of enacting H. R. 1 is further heighted by the fact that it represents the first increase in the authority of the President to reduce tariffs since 1945, and only the third such increase in authority in the history of the Trade Agreements Act. It must be conceded that this increase in authority is very modest, and that the bill as a whole contains provision that make this increase in authority all the more modest.

I should like to refer to this aspect of H. R. 1 in greater detail in a few minutes, but I do wish to emphasize that, modest as this authority is, we have delayed too

long in granting it to the Executive. For 2 years we have backed and filled instead of moving forward. Where boldness was required, we were hesitant. Surely today we cannot afford to do anything less than to pass H. R. 1 without reservations and without cavil.

And yet I feel obliged to express my fears to my colleagues in the Senate that the bill reported out by the Senate Finance Committee entails compromises and modifications that seriously impair this modest extension and grant of authority. These compromises and amendments are products of fear and not boldness. They are not becoming to our position of leadership. They are inconsistent with our position as a great creditor nation. They are the expression of timidity and fear in the face of all the evidence that we are the most enterprising, productive, and competitive country in the world.

There has been, in the last few years, a gradual undercutting of the authority of the Trade Agreements Act. First the escape clause, then the peril-point amendment. The pressures for the protection of special interest groups have worked assiduously in the direction of gradually modifying the authority contained in the act. As a result, when the Trade Agreements Act was scheduled for extension in 1953 it was extended in that year, and in the succeeding year, for only a 1-year period. When the bill finally came to the Congress it embodied and continued in force all the previous amendments which were designed to be protective of those domestic producers who feared foreign competition. Not only that, but as I have said already, the increase in authority that it contained was very modest.

It is my feeling, in view of these considerations, that were H. R. 1 enacted with additional amendments, we would be in danger of having a hollow shell of the trade policy, without any real substance to that policy. My concern for the status of the bill, as reported out by the Finance Committee, is that the amendments proposed come close to undercutting the modest positive grant of authority contained in the bill.

These amendments are of two kinds. There are, first, amendments that reduce the authority of the President which was contained in the House version of the bill. In this category are the so-called textile amendments, which in fact, apply to a great many other imported items. By virtue of these amendments, the modest 15 percent tariff reduction authority of H. R. 1 will not be able to be used for those items which will receive greater than 15-percent duty cuts in the trade agreement negotiations currently being undertaken with Japan and several other countries, on the one hand, and the bilateral trade agreement currently being undertaken with Switzerland, on the other. The effect of this amendment will be to preclude the use of the authority of H. R. 1 for those items which are of considerable importance in the trade of Japan and Switzerland, as well as in the trade of a great many other countries of the world.

We may find in the next 3 years that there will be occasions when we may want to participate with Japan and with other countries in a multilateral trade agreement, and we may find that the President does not have sufficient authority under the Trade Agreements Act to negotiate effectively a trade agreement.

The other amendment which involves a reduction in the authority of the President is that amendment which removes the previous authority of the President to reduce the duties by 50 percent of the January 1, 1945, level on those items which are not being imported into the United States at all, or which are being imported in negligible quantities. I fail to understand why that amendment should have been considered. I am told that it too is a textile amendment; that the cotton textile industry regards imports of cotton textiles to be negligible, and therefore that these imports would be subject to this authority. But there are several aspects of this contention which I find inconsistent with the facts.

If, in fact, imports of cotton textiles are presently negligible, how is it that the cotton textile industry can argue that they are being inundated and swamped by competitive imports? Secondly, the authority to reduce duties on these so-called negligible imports by 50 percent is nothing more than an extension of existing authority; that is, the authority originally granted on January 1, 1945. This is the same authority which will be used up in part in the current trade agreement negotiations with Japan and other countries. This is the same authority which has been used in the previous trade agreements undertaken since 1945. In those trade agreements over 90 percent of our imports of cotton manufactures received some duty cut, and, on the average, this duty reduction was 30 percent. Thus, only 20 percent remains to be used in the current negotiations with Japan. To the extent that some of the 20 percent is used upon in these negotiations, only that which is left can be used to reduce the duty on negligible imports.

On balance, it would seem to me that the textile industry has very little to fear from this provision; and yet, from the point of view of our national trade policy, it seems to me that we have much to gain by retaining this provision. There are, I understand, something on the order of 500 dutiable items where there are no imports, and about 600 that are imported in negligible quantities. In a great many of these instances, I would assume that there are no imports because their duty is prohibitive. This amendment would thus fail to provide the President with some special authority greater than the 15 percent authority he has under H. R. 1 to reduce the duty on these items.

By accepting this amendment we are in danger of foregoing the opportunity of telling the rest of the world that we, the great United States, are prepared to give the foreign producer at least a fighting chance to sell those items in our market, which, for one reason or another, he has not been able to sell at all in the past, or that he has sold in only negligible quantities.

Most disturbing of all to me are the amendments to H. R. 1 which would modify the standards and criteria of the escape clause, which is the subject of the amendment proposed by the Senator from Illinois. I have long felt that an escape clause procedure should be available for use only in those instances when severe and undue hardship or injury results to an American producer as a result of an increase in imports. The whole spirit of our trade agreements program is one of gradual reduction in duties, reductions that would bring about an increase in imports which would be equally gradual and would provide adequate time for any adjustment that may be necessary in domestic industry. Sometimes, however, foresight in effecting a duty reduction has proven to be wrong, and as a result of a tariff reduction there may result a substantial, unsual, and unexpected increase in imports which causes serious injury to a domestic producer.

The PRESIDING OFFICER. The time of the Senator from Tennessee has expired.

Mr. DOUGLAS. Mr. President, I yield 5 additional minutes to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 5 minutes more.

Mr. KEFAUVER. Mr. President, under these circumstances I can understand that the duty reduction which has been granted should be modified, if it is in the total national interest to do so.

What has disturbed me, however, has been the effort to broaden the escape clause and to make it an umbrella for protection against all sorts of injury, whether serious or not, whether due to imports or not. The amendments offered by the Finance Committee to the escape clause seem to me to broaden excessively the notion of injury. They would have the effect of increasing immeasurably the number of petitions to the Tariff Commission for the use of the escape clause, the number of cases in which the Tariff Commission would be obliged to find injury, the pressures on the President to invoke the escape clause, and consequently the number of instances in which tariff concessions previously made as part of international agreement would be modified or withdrawn. Since these new tests of the escape clause would make it virtually possible for almost any producer to claim injury if competitive imports were coming into this country, the logical outcome of these amendments, if carried to the extreme, would be to cut off all competitive imports, and they would result in the abrogation of trade agreements entered into with other countries. Our trading partners could resort to no other course than to withdraw concessions they have given us. To the extent that the higher duties resulting under the escape clause resulted in a reduction of imports into the United States, foreign countries would find themselves with sharply reduced dollar earnings. The only result could be a decline in our exports. Thus, the basic objective of the Trade Agreements Act, namely, to ex-

pand the market for American exports, stands in danger of being defeated.

Let us look a little more closely at the two amendments to the escape clause reported by the Finance Committee. What is it that they propose to do that could have such dire results?

The first committee amendment has the effect of fixing into law the so-called share of the market criterion. This criterion says that if the domestic industry finds that the percentage share of the market that it enjoys has declined, that constitutes injury to that industry; even though its own production, sales, and profits have been increasing, if it does not retain its percentage share of the total domestic market, it has been injured. This is tantamount to saying that serious injury exists when the domestic industry fails to gain something it has never had. That is a very dangerous doctrine indeed. As I understand the amendment of the Senator from Illinois, it would remedy that defect.

The same committee amendment also establishes that the injury is due to imports if the imports have "contributed materially to the serious injury or the threat of serious injury to such industry." Thus, imports may not be the prime cause, or even one of the important causes of injury; but if there are competitive imports, then this amendment fixes into law the test that mere existence of imports can be regarded as the cause of injury, regardless of whether, in fact, they are the cause.

Under the amendment, I believe it would be possible for an industry which makes, for instance, 10 products, purposely to withdraw one of the products from the market, on the claim that it could not compete with a foreign producer; and thereafter, after securing an adjustment under this committee amendment, regardless of how much profit it might be making on the other items it manufactured, it could secure a tariff reduction on the one particular product, and later could resume manufacturing all of them, but at a greater profit.

The second committee amendment redefines the meaning of the term "domestic industry producing like or directly competitive products," which is contained in the existing escape clause. The redefinition takes the form of saying that any part or subdivision of an industry shall be regarded as an industry. Any minor segment of a producing organization which produces a particular product shall be regarded as an industry. Not only does this violate the commonsense interpretation of the meaning of the word "industry," but it permits the use of the escape clause to protect every minor, individual product produced by an industry, regardless of how important that product is in the total production of that industry, and regardless of how profitable or how successful the overall position of that industry or that firm is.

Even the minor adjustments in our economy which could not, under any sensible test of injury, be injurious to domestic producers would be precluded from taking place so long as some competitive imports were lurking in the background.

Mr. President, I intend to vote for H. R. 1 when it comes to final vote in this Chamber, but I shall do so with great reservations and trepidation, because I feel that as it now stands it is totally inadequate as an instrument of national policy. The bill before us is a watered-down version of a modest piece of legislation. The bill now before us is a product of weakness and compromise, where national policy requires boldness and vision.

Mr. President, the bill can be improved by adopting the amendment of the Senator from Illinois. In the effort to keep our trade program in line with the situation in which we must have it if we are to exercise our proper influence, economicwise, among the nations of the world, by means of trade, I believe that we must at least agree to the amendment of the Senator from Illinois.

Mr. DOUGLAS. Mr. President, how much time remains to me?

The PRESIDING OFFICER. The Senator from Illinois has 22 minutes remaining to him.

Mr. DOUGLAS. I yield 15 minutes to the Senator from Arkansas [Mr. FULBRIGHT.]

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 15 minutes.

Mr. FULBRIGHT. Mr. President, during the past several days we have heard several notable speeches in the Senate on the reciprocal trade bill. I wish to compliment especially the junior Senator from Tennessee [Mr. GORE] on his speech of April 25, and the senior Senator from Illinois [Mr. DOUGLAS] on his speech of May 3. Both speeches are strong statements of the true facts about foreign trade. I do not propose to repeat at this time their statements of those facts. The case is clear, as it has been for a century and a half, or perhaps I should say as it has been since the day when man first began to trade an arrowhead for a stone ax.

Mr. President, I must say that some of the debate we have heard today has made me feel as if I were in the well-known land of Alice in Wonderland. When I heard with my own ears and saw with my own eyes the distinguished, illustrious, and notable senior Senator from Colorado [Mr. MILLIKIN] defend the reciprocal-trade program, I did not know what to think. Certainly the situation which has developed in the Senate is an amazing one.

I do not think the pending bill is a good one, Mr. President, but it is the only one with which we can deal at this time. Therefore, I must, in the final analysis, support it.

I believe that the amendment submitted by the distinguished senior Senator from Illinois [Mr. DOUGLAS] will go a long way toward improving the bill and making it, at least to some extent, a real contribution to reciprocal trading.

Mr. President, recently I came across an article entitled "Fallacies of the Tariff," written by W. M. Curtiss. The article, which appeared in the January issue of Freedom and Union, demonstrates in an understandable manner the stupidity of high tariffs for the United States.

Mr. President, I ask unanimous consent that the article be printed at this point in the RECORD, as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FALLACIES OF THE TARIFF

(By W. M. Curtiss)

More than a century ago, Frederic Bastiat, a French economist and an ardent opponent of protectionism, drew on Daniel Defoe's immortal classic, Robinson Crusoe, to illustrate the evils of trade restrictions:

"You remember how Robinson Crusoe managed to make a plank when he had no saw."

"Yes; he felled a tree, and then, cutting the trunk right and left with his hatchet, he reduced it to the thickness of a board."

"And that cost him much labor?"

"Fifteen whole days' work."

"And what did he live on during that time?"

"He had provisions."

"What happened to the hatchet?"

"It was blunted by the work."

"Yes; but you perhaps do not know this: that at the moment when Robinson was beginning the work he perceived a plank thrown by the tide upon the seashore."

"Happy accident. He, of course, ran to appropriate it?"

"That was his first impulse; but he stopped short, and began to reason thus with himself:

" 'If I get this plank, it will cost me only the trouble of carrying it, and the time needed to descend and remount the cliff. But if I form a plank with my hatchet, first of all, it will procure me 15 days' employment; then my hatchet will get blunt, which will furnish me with the additional employment of sharpening it; then I shall consume my stock of provisions, which will be a third source of employment in replacing them. Now, labor is wealth. It is clear that I should ruin myself by getting the plank. I must protect my personal labor; and, now that I think of it, I can even increase that labor by throwing back the plank into the sea.' "

"But this reasoning was absurd."

"No doubt. It is nevertheless the reasoning of every nation which protects itself by prohibition. It throws back the plank which is offered in exchange for a small amount of labor in order to exert a greater amount of labor. Even in the labor of the customhouse officials it discovers a gain. That gain is represented by the pains which Robinson takes to render back to the waves the gift which they had offered him. Consider the nation as a collective being, and you will not find between its reasoning and that of Robinson an atom of difference."

"Did Robinson not see that he could devote the time saved to something else?"

"What else?"

"As long as a man has wants to satisfy and time at his disposal, there is always something to be done. I am not bound to specify the kind of labor he would in such a case undertake."

"I see clearly what labor he could have escaped."

"And I maintain that Robinson, with incredible blindness, confounded the labor with its result, the end with the means, and I am going to prove to you * * *."

"There is no need. Here we have the system of restriction or prohibition in its simplest form. If it appear to you absurd when so put, it is because the two capacities of producer and consumer are in this case mixed up in the same individual."

"Let us pass on, therefore, to a more complicated example."

"With all my heart. Some time afterward, Robinson, having met with Friday, they united their labor in a common work. In the morning they hunted for 6 hours, and brought home 4 baskets of game. In the evening they worked in the garden for 6 hours and obtained 4 baskets of vegetables."

"One day a canoe touched at the island. A good-looking foreigner landed, and was admitted to the table of our two recluses. He tasted and commended very much the produce of the garden, and before taking leave of his entertainers, spoke as follows:

" 'Generous islanders, I inhabit a country where game is much more plentiful than here, but where horticulture is quite unknown. It would be an easy matter to bring you every evening 4 baskets of game, if you will give me in exchange 2 baskets of vegetables.'

"At these words Robinson and Friday retired to consult, and the debate that took place is too interesting not to be reported in extenso.

"Friday: 'What do you think of it?'

"Robinson: 'If we close with the proposal, we are ruined.'

"Friday: 'Are you sure of that? Let us consider.'

"Robinson: 'The case is clear. Crushed by competition, our hunting as a branch of industry is annihilated.'

"Friday: 'What matters it, if we have the game?'

"Robinson: 'Theory! It will no longer be the product of our labor.'

"Friday: 'I beg your pardon, sir; for in order to have game we must part with vegetables.'

"Robinson: 'Then, what shall we gain?'

"Friday: 'The four baskets of game cost us 6 hours' work. The foreigner gives us them in exchange for two baskets of vegetables, which cost us only 3 hours' work. This places 3 hours at our disposal'."

TWO VIEWS

"Robinson: 'Say, rather, which are subtracted from our exertions. There is our loss. Labor is wealth, and if we lose a fourth part of our time we shall be less rich by a fourth.'

"Friday: 'You are greatly mistaken, my good friend. We shall have as much game, and the same quantity of vegetables, and 3 hours at our disposal into the bargain. This is progress, or there is no such thing in the world.'

"Robinson: 'You lose yourself in generalities! What should we make of these 3 hours?'

"Friday: 'We would do something else.'

"Robinson: 'Ah! I understand you. You cannot come to particulars. Something else, something else—that is easily said.'

"Friday: 'We can fish, we can ornament our cottage, we can read the Bible.'

"Robinson: 'Utopia. Is there any certainty that we should do either the one or the other?'

"Friday: 'Very well, if we have no wants to satisfy we can rest. Is repose nothing?'

"Robinson: 'But while we repose we may die of hunger.'

"Friday: 'My dear friend, you have got into a vicious circle. I speak of a repose which will subtract nothing from our supply of game and vegetables. You always forget that by means of our foreign trade nine hours' labor will give us the same quantity of provisions that we obtain at present with 12.'

"Robinson: 'It is very evident, Friday, that you have not been educated in Europe, and that you have never read the Moniteur Industriel. If you had, it would have taught you this: that all time saved is sheer loss. The important thing is not to eat or consume, but to work. All that we consume, if it is not the direct produce of our labor, goes for nothing. Do you want to know whether you are rich? Never consider the enjoyments you obtain, but the labor you undergo. This is what the Moniteur Industriel would teach you. For myself, who have no pretensions to be a theorist, the only thing I look at is the loss of our hunting.'

"Friday: 'What a strange turning upside down of ideas. But * * *'

"Robinson: 'No buts. Moreover, there are political reasons for rejecting the interested offers of the perfidious foreigner.'

"Friday: 'Political reasons.'

"Robinson: 'Yes, he only makes us these offers because they are advantageous to him.'

"Friday: 'So much the better, since they are for our advantage likewise.'

"Robinson: 'Then by this traffic we should place ourselves in a situation of dependence upon him.'

"Friday: 'And he would place himself in dependence on us. We should have need of his game, and he of our vegetables, and we should live on terms of friendship.'

"Robinson: 'System. Do you want me to shut your mouth?'

"Friday: 'We shall see about that. I have as yet heard no good reason.'

"Robinson: 'Suppose the foreigner learns to cultivate a garden, and that his island should prove more fertile than ours. Do you see the consequence?'

"Friday: 'Yes; our relations with the foreigner would cease. He would take from us no more vegetables, since he could have them at home with less labor. He would bring us no more game, since we should have nothing to give him in exchange, and we should then be in precisely the situation that you wish us in now.'

"Robinson: 'Improvident savage. You don't see that after having annihilated our hunting by inundating us with game, he would annihilate our gardening by inundating us with vegetables.'

"Friday: 'But this would only last so long as we were in a situation to give him something else; that is to say, so long as we found something else which we could produce with economy of labor for ourselves.'

"Robinson: 'Something else, something else. You always come back to that. You are at sea, my good friend Friday; there is nothing practical in your views'."

THE DEBATE ENDS

"The debate was long prolonged, and, as often happens, each remained wedded to his own opinion. But Robinson possessing a great influence over Friday, his opinion prevailed, and when the foreigner arrived to demand a reply, Robinson said to him:

"Stranger, in order to induce us to accept your proposal, we must be assured of two things: The first is, that your island is no better stocked with game than ours, for we want to fight only with equal weapons. The second is that you will lose by the bargain. For, as in every exchange there is necessarily a gaining and a losing party, we should be dupes, if you were not the loser. What have you got to say?'

" 'Nothing,' replied the foreigner; and, bursting out laughing, he regained his canoe." [1]

Bastiat's keen analysis of what he called "protectionism" is as much needed today as it was then. Contained in his skillful amplification of Robinson Crusoe are simple illustrations of most of the arguments for and against tariffs that have been and are still being used by the leaders, political and otherwise, of every nation.

Tariffs are discussed here, not because of their current importance relative to other restrictions, but because they have persisted so long in the face of well-reasoned opposition. It is probable that if the effects of tariffs were clearly understood, a better understanding of the various other trade restrictions might evolve because the same basic fallacies seem to underlie them all. Tariffs are a form of price control. One who defends tariffs cannot logically oppose Government control of prices and profits, material allocations, subsidies, and other violations of the free-market principle.

MORAL ISSUE

Basically, the issue of tariffs and other trade restrictions is a moral one. This is not to deny that it is also an economic issue. It is merely a matter of emphasis. Unless economic principles are in harmony with good moral principles, they are not good economics.

Government grows strong and dictatorial by the granting of special favors. Trade restrictions are just another of the handouts which a government can grant, thereby increasing its power over individuals—to the detriment of all.

The point of view set forth in this discussion argues neither for nationalism (isolationism) nor for internationalism. Both of these terms imply a kind of design by government. And both, when implemented by governmental design—force—have very serious consequences. Instead of aiming for either of these objectives, we would argue merely to allow individuals to trade freely with one another, when and where they wish—with a minimum of governmental interference.

The moral basis for free trade rests on the assumption that an individual has the right to the product of his own labor—stealing is bad because ownership is good. This involves property rights. Property rights are human rights, and to try to distinguish between them is merely to play with words—and on emotions.

The right to own property involves the right to use it, to keep it, to give it away, or to exchange it. Unless this is possible, one does not own property. To lay obstacles in the path of ownership, use, or exchange of property is a violation of the human right to own property.

BAD ECONOMICS

Economists from Adam Smith down to the present have quite generally agreed that tariffs are bad economics. And it is not difficult to discover why:

1. Tariffs and other trade restrictions contribute to scarcity rather than to abundance. We are sometimes fooled by the introduction of money into trade; but basically, it is the abundance of goods and services, widely distributed, that contributes to a high level of material well-being. A person who offers money in a trade is generally thought to be a buyer or consumer. But how does one acquire the money in the first place except by producing something for sale? Each one has something to offer in exchange for what he wants. Why is one party the seller any more than the other?

2. A voluntary exchange of goods or services between two individuals results in a benefit to each party. To say that only the seller benefits is a fallacy. Why is it so commonly believed that you confer a favor upon a person by buying what he offers you? When you offer your money to a grocery clerk for a purchase, he usually says, "Thank you." Why isn't it just as appropriate for the customer to say, "Thank you" for the services rendered by the store?

3. There is ample evidence that a high level of living in any country cannot be achieved without a high degree of division of labor—specialization. Instead of a person's being a jack of all trades, he is the master of one. This calls for a high degree of cooperative effort and exchange. Production

[1] Frederic Bastiat, Social Fallacies (Santa Ana, Calif.: Register Publishing Co., Ltd., 1944), pp. 202–6. Translated by Patrick James Stirling. (First published in the Journal des Economistes, France, 1844.)

by this process rests on the principle of comparative advantage, of production where conditions are most favorable. Ludwig von Mises, in his book Human Action, says:

"All that a tariff can achieve is to divert production from those locations in which the output per unit of input is higher to locations in which it is lower. It does not increase production; it curtails it. * * *

"Government does not have the power to encourage one branch of production except by curtailing other branches. It withdraws the factors of production from those branches in which the unhampered market would employ them and directs them into other branches. * * * It may subsidize openly or disguise the subsidy in enacting tariffs and thus forcing its subjects to defray the costs.

"While Government has no power to make people more prosperous by interference with business, it certainly does have the power to make them less satisfied by restriction of production."

4. A fallacy of protectionists is that employment, of itself, is a worthy economic objective. Employment, however, is merely a means to an end, and the end is production for consumption. No doubt, employment was high during the building of the Great Wall of China or the Pyramids of Egypt. A dictator can always achieve full employment. Hitler did it in Germany, and we had our leaf-raking projects.

But under freedom, freedom to produce and to trade voluntarily, men will have just as much employment as they desire. Actually, tariffs have nothing to do with employment. Employment can be high or low, with or without such trade restrictions. Tariffs do not create better jobs for individuals. They simply tend to keep people working at jobs which are less productive of useful goods and services than they would be under free trade.

5. Protectionists have claimed that wage levels can be maintained or increased by shutting out imports from areas with low real wages. Wage levels are determined by the productivity of labor. This, in turn, is determined by the investment of capital in the tools of production.

The products we import are more valuable to us than our exports; otherwise the trade would not be made. Rather than produce the imported product here, our own labor is released to produce something we are better fitted to produce.

6. Failure to recognize that satisfaction of desires is the sole purpose and end of production has led protectionists to support tariffs, subsidies, and other measures. Had we consistently failed in this recognition, we would now be subsidizing 80 percent of our population in agricultural pursuits, as well as in the manufacture of buggy whips and candles. Economic progress cannot take place under such a system.

The removal of tariffs restores justice to consumers—to millions and millions of consumers. The fact that it may seem to result in a temporary inconvenience for a few producers is merely the correction of an injustice previously established.

Aside from their many economic disadvantages, trade restrictions are most devastating in their effect on the relations between nations.

In an address in New York on June 9, 1952, Sir Miles Thomas, chairman of the British Overseas Airways Corp., said that some British manufacturers were disturbed by the tendency of some United States manufacturers of competitive or related items to seek home protection against foreign competition. He went on to say:

"The very essence of our being, the very survival of the free nations of the world—must depend upon a two-way flow of goods and services. If you place a brake on that you inevitably discriminate against your own future as well as ours. Forgive me if I so far forget myself as your guest * * * if I ask you whether you prefer to have the dollars supplied by an already overloaded taxpayer or by a satisfied consumer.

"Surely it is by the reduction rather than the increase of international trade barriers that the cause of peace can best be preserved."

Trading, when engaged in by individuals, is a peaceful, friendly project. When controlled by governments it provides opportunity for favoritism, intrigue, and a display of power politics. It cannot lead to other than animosity, suspicion, and unfriendly relations.

We pretend, on the one hand, to favor a united friendly Europe. But at the same time, we encourage trade restrictions and controls of all sorts. For example, we promote in Europe a government-controlled and operated cartel for certain basic industries. Chaos and strife are certain to result, whereas the promotion of free trade between individuals and firms of all nations would go far toward bringing about the peace we seek.

UNITED STATES COULD LEAD

In his recent book The Trade of Nations, Michael A. Heilprin said:

"It is the thesis of this book that world trade based on the operations of free markets and on the personal enterprise of free men fosters the cause of international understanding, while trade straitjacketed by governmental controls and subject to authoritarian dictation from the top becomes a servant of nationalism and an abundant source of ill will, friction, and conflict."

Free trade is such a simple solution for so many of the world's ills. It doesn't require endless hours of debate in the United Nations, or the International Labor Organization, or the Food and Agriculture Organization, or any other worldwide debating society. It requires only that one nation see the light and remove its restrictions. The results will be immediate and widespread.

It isn't necessary for all nations to agree jointly and simultaneously to remove restrictions. If only one nation does it, some good is accomplished—both for itself and for its customers. A great nation, such as the United States, could do it and thus set an example for others to follow. It would not be meddling in the affairs of other nations; it would merely be looking after the best interests of its own citizens. And instead of being resentful, other nations would be eternally grateful.

If goods do not cross frontiers, armies will.

Mr. FULBRIGHT. Mr. President, I wish to direct attention especially to the statement, appearing in the article, that:

Trade restrictions are just another of the handouts which a government can grant.

As the Senator from Illinois has so clearly proved, tariffs for special interests were among the first handouts given by our Government to the protectionists. Other groups of our citizens have been forced—in self-defense, and in order to survive—to seek subsidies by other means.

Since the beginning of organized human society, struggles for special privileges by individuals or groups have occurred. I need not remind this body that ambition, greed, and avarice are rather common characteristics of our species. The ability of a well-organized minority to mislead, confuse, and exploit the unorganized majority is not a new phenomenon in human affairs. However, I think I am bound to say that I do not believe one can find in all history an example of greater or more unjustifiable exploitation than the one perpetrated upon the American people by the Republican Party of this Nation for the past 100 years.

Mr. President, in his speech to the Senate on April 25, the distinguished junior Senator from Tennessee [Mr. GORE] referred to the vicious role being played here by the tariff lobby, and said:

Behind the clamor against the reciprocal-trade program is one of the best organized, most insidious lobbies Washington has ever had to contend with. It is the high-tariff lobby, and it has been around a long time.

This lobby is now using every means at its disposal to befuddle, mislead, and frighten American workers and consumers to the end that they may be brought to bring overwhelming pressures upon their congressional representatives and so secure the legislation that it wants.

In my own case, I have received more letters during the past month opposing reciprocal trade than I had received in the previous 10 years in which I had been a Member of the Senate. Most of this correspondence arises because of two or three new textile mills in my State, the workers in which have been obviously misled.

These lobbies appear whenever there is a trade bill before Congress, and since they seem to have a continuing life, I think it might be enlightening to recall some of the events of the infamous tariff lobby in 1929.

I think it is pertinent to go back to 1929 because of the present lobbies, operated under the Republican administration just preceding the present one. What happened then is the best guide to what is happening now.

I may say that under the leadership of one of my distinguished predecessors, Senator Caraway, a congressional inquiry into lobbying activities was conducted. That is a further reason why I think it is the best historical precedent for what we expect to find today.

I grant, of course, that the managers of the lobby have learned from the bitter experience of 20 years of being out of power to be more subtle, to disguise their maneuvers better, and to permit some of their spokesmen to mouth sweet generalities.

For example, one of the principal obstacles to trade today is the complexity of customs regulations rather than the monetary rate of the duty. This is more difficult for opponents of special privilege to understand and to attack.

However much the technique has been refined, the basic objectives and the spirit of the protectionists are the same as those of 1929.

Among those who appeared before the committee in 1929 was Mr. Joseph R. Grundy, of Pennsylvania. A prince of lobbyists, Mr. Grundy did not soil his dignity or his labor with excuses or evasions. He spoke with frankness and indignation and in so doing he expressed the point of view not only of the tariff lobby but also a large part of the Republican Party. I now quote from the

official record of investigation of lobbying in 1929:

Senator BORAH. Mr. Grundy, I take it that the object of your coming to Washington and opening headquarters was your interest in the tariff bill?

Mr. GRUNDY. The interest of the Republican Party in carrying out its platform adopted at Kansas City; yes.

Senator BORAH. That was the outstanding thing——

Mr. GRUNDY. The resolution adopted by the Pennsylvania delegation went on:

"Adequate protection by duties on imports to overcome the difference in costs of production here and abroad is a fundamental principle of the Republican tariff policy.

"Whenever this American system has been in operation a home market has been created and maintained as the basis of a purchasing power due to full employment with higher wages, resulting in general prosperity to all sections and all classes. This has brought the development and progress of our country to a higher level and our people to a higher standard of living than elsewhere known. We have owned more homes, better furnishings, and with more comforts and conveniences than are found in any part of the earth * * *.

"We eat more and better food, wear better clothes, and have more joys and pleasure of life than any other people. We have the largest incomes, the greatest savings, carry the most insurance, and have enough surplus to be the most liberal spenders for every necessity and luxury.

"For the most part, since the passage of the Morrill Protective Act of 1861, we have advanced under successive protective tariffs to the highest position of wealth and strength, retarded only by periods of practical free trade under Cleveland and Wilson, compelling a return to protection to retrieve our losses."

It was all right for the Pennsylvania Republican Party, eulogizing the Republican tariff policy, to talk about this policy bringing "our country to a higher level and our people to a higher standard of living than elsewhere known." None of this bears the slightest relationship to the truth and indeed is a shameful distortion of the truth.

A few years before Mr. Grundy appeared to praise the protectionist policy that had made Pennsylvania and other industrial States rich, the per capita wealth of the 10 great cotton States was only $1,635, and that of Mississippi was $1,216. But the per capita wealth of the other 38 States of the Union was $3,313, or more than double that of the cotton States. In 1932 my State of Arkansas paid only $216,000 Federal individual income taxes, and our neighboring State of Mississippi paid only $134,000. At about this time Mr. Alfred Sloan, then president of General Motors, voluntarily reduced his salary from $500,000 to $340,000 a year. He took a cut of $160,000 in his salary. This cut, mind you, was nearly $30,000 more than the individual income taxes paid by 2 million people in the State of Mississippi. This is a sample of the heavenly prosperity brought to us by the Republican policy of high tariffs.

Continuing, Senator Walsh asked Mr. Grundy some questions:

Senator WALSH. Mr. Grundy, in a statement which you prepared for us the other day, you furnished certain tables in which comparison was made between the State of Pennsylvania and various other States groups together. I find "Total value of all property in the States of Arizona, Arkansas, South Dakota, Idaho, Mississippi, Montana, and Wisconsin."

Mr. GRUNDY. Yes.

Senator WALSH. At a later date I find the amount of wages paid in Pennsylvania and the number of wage earners employed as compared with the same group of States.

Mr. GRUNDY. Yes.

Senator WALSH. Likewise the value of the products of these States, compared with the value of the products of Pennsylvania.

Mr. GRUNDY. Yes.

Senator WALSH. The income tax and corporation tax paid by those States with the income tax and corporation tax paid by the State of Pennsylvania. Will you just explain to us what you think that has to do with the tariff, and just what your purpose was in instituting that comparison?

Mr. GRUNDY. May I be frank with you on this?

Senator WALSH. Oh, entirely so. We hope you will.

Mr. GRUNDY. Frankly, when you come to analyze what they mean to the national life of the country, they haven't got any chips in the game at all.

Senator CARAWAY. They found that out long ago.

Mr. GRUNDY. If it was not for an unfortunate provision in the Constitution that gives each State two Senators—I say "unfortunate" because it was a great compromise that got our Constitution through—they probably would not be heard of at all.

Now, for these men that represent so little in the national economy, to find fault and obstruct and try to destroy a policy which has been responsible for building up these great reservoirs of taxation that have been for the great benefit and advancement of the country, it seems it is almost a tragedy to mankind.

If this was a problem that had to do with junior Red Cross work for backward States or something like that, they would have a right to get into that game, but when it comes to this great fundamental policy that has made this country what it is and has produced this great revenue, those seven States that have about 2.66 percent of the taxes of this country and put up all this holler against the States which pay about 64 percent of the revenues of this country, there is something wrong down here somewhere.

Senator CARAWAY. Is it your view, then, that wealth ought to select Senators?

Mr. GRUNDY. I did not say "wealth," but the general interest that goes with tremendous weight of population.

Senator CARAWAY. You mean the rich people ought to have the Senate?

Mr. GRUNDY. No; I don't want the rich to control anything. I want everybody to control, but this is the only way you can bring this thing home to the people.

Senator CARAWAY. Yet I understood you to say you thought it was a tragedy that the smaller States had 2 Senators.

Mr. GRUNDY. Yes, sir—no; not that they should have elected 2 Senators, but that they should use their power to try to destroy what has been for the greatest good of the country.

Senator CARAWAY. I understand you now that they should not have a vote when the tariff laws are enacted?

Mr. GRUNDY. I do not want to say they should not have a vote, but they should not throw a monkey wrench into the machinery every minute of the 24 hours of the day.

Senator CARAWAY. They should not be allowed to talk?

Mr. GRUNDY. I don't want to say that.

Senator CARAWAY. What do you want them to do now?

Mr. GRUNDY. They should talk darned small.

Senator CARAWAY. They should not have as much to say as Pennsylvania, for instance?

Mr. GRUNDY. Honestly not; no, sir. I don't think the Senators from Georgia ought to be putting up the roar they do. I think especially the Senators from Mississippi ought not to put up a roar. I might go down the line with many others from these Western States as well.

Senator Blaine pointed out to the witness how high tariffs affect the farmers.

Senator BLAINE. * * * I observe that aluminum—all that is produced in America—is produced by the Aluminum Company of America, and it produces about one-third of the total world production. If the tariff on aluminum is effective * * * the tariff tax would be $19 million.

You appreciate that the products of aluminum go into the cost, the operating farm cost of milk containers, cream containers, cream separators, and a large variety of farm implements and utensils made of aluminum products.

The farmer uses scythes, sickles, grasshooks, and cornknives. The annual tariff tax on that is $240,000. They bear a tariff rate of 30 percent.

Let us take another item. Shovels, spades, and scoops, a large part of the production is used upon the farm, and that tariff tax, if it is effective, is $4,600,000 a year. They bear a rate of 30 percent ad valorem.

"Internal-combustion engines." Those are gas engines. Those bear a tariff rate of 31.24 percent. The farmer uses internal-combustion engines to a very large extent, and the tariff tax on that, if it is effective, is $36,740,000 a year. * * *

Now we will take miscellaneous machinery, of which the farmer uses a large quantity. The tariff tax on that, if effective, is $7,240,000 a year. Pliers, pincers, and nippers. The tariff tax now is 60 percent and they propose to raise it to 75 percent. That is a tax upon the farmer. Take saddle and harness hardware, used largely on the farm. The tariff tax is 47.6 percent. That tax represents $2,980,000 a year.

Take the little item of chains; a very common article upon the farm. The ad valorem equivalent on that is now 28.61 percent and it is proposed to raise that to 38.36 percent, which will yield a tariff tax, if effective, of $8,640,000 a year. Woven wire, galvanized wire fencing, and wire for bailing, practically all of which is used upon the farm. The tariff tax is 17.67 per cent.

Senator WALSH. I wanted to ask you whether it ever occurred to you that the great wealth of the State of Pennsylvania has come in no small part from the energy and enterprise of the people out West who opened up that country and gave a market for your products.

Now likewise, about these enormous income taxes that the State of Pennsylvania pays, a good share of which is paid by Pennsylvania manufacturers. Did it ever occur to you that they add to their price their taxes?

Mr. GRUNDY. No. Never.

Senator WALSH. Never?

Mr. GRUNDY. No. Well, I may qualify that. The products of Pennsylvania are sold in a competitive market, and, of course, if there is to be a tax, it is like any other tax—it is part of overhead expense.

Senator WALSH. Each competitor puts that into his overhead expense, does he not?

Mr. GRUNDY. Yes.

Senator WALSH. So that, as a matter of fact, the consumer in my State has helped you to make this splendid showing of income taxes paid by the State of Pennsylvania, has he not?

Mr. GRUNDY. To the extent that he purchases Pennsylvania products; yes.

Senator Caraway, of Arkansas, then sought to show the connection between Mr. Grundy's tariff lobbying and the politics that, in part, lay behind it.

Senator CARAWAY. How much of your time have you spent down here in Washington, interested in tariffs?

Mr. GRUNDY. A large part, whenever there has been a tariff bill up for consideration, since the Dingley tariff bill in 1897.

Senator CARAWAY. What were you doing here?

Mr. GRUNDY. Endeavoring to have a protective tariff law enacted.

Senator CARAWAY. How many Senate committees have you been before with reference to raising money for elections?

Mr. GRUNDY. In 1924 and 1926.

Senator CARAWAY. And in 1924 how much did you say that you had raised for the election of Mr. Coolidge?

Mr. GRUNDY. * * * I think we raised $700,000.

Senator CARAWAY. * * * That all came from people interested in tariffs?

Mr. GRUNDY. In part.

Senator CARAWAY. In large part?

Mr. GRUNDY. Yes.

Senator CARAWAY. What was the necessity for your staying here, Mr. Grundy * * * when the tariff bills were pending?

Mr. GRUNDY. Because I was interested in it.

Senator CARAWAY. I know, but what services were you rendering? Were you seeing Members of Congress of both Houses? You saw them personally? And talked with them?

Mr. GRUNDY. Yes.

Senator CARAWAY. Do you think that you got results from those talks?

Mr. GRUNDY. The results that were finally achieved were satisfactory. * * * I did my best to see the results we thought satisfactory were enacted.

Senator CARAWAY. You think that there are tariff rates now reflected in the tariff law that your activities put there?

Mr. GRUNDY. Well, I am pleased to say, yes.

Senator CARAWAY. Who pays your expenses down here?

Mr. GRUNDY. Why, I do.

Senator CARAWAY. It is a work of love on your part?

Mr. GRUNDY. Not a work of love. I feel I have some obligations in this proposition.

Senator CARAWAY. They put up the campaign expenses, and they ought to get results for their money. Is that the obligation that rested on you—to see that they got their money's worth? * * * They put up the money and they ought to get the legislation they bought and paid for?

Mr. GRUNDY. If that platform (of the Republican Party) was put into the law, they would get their money back.

Senator CARAWAY. They would get their money back?

Mr. GRUNDY. Yes, sir.

Senator CARAWAY. And you were down here to see that they got their money back?

Mr. GRUNDY. I was helping in every way that I could.

Senator CARAWAY. * * * You think that it was entirely proper, for a man who was on the payroll of the Connecticut Manufacturers' Association, to come down here and be placed on the payroll of the Government as a clerk to a committee, by which means he got into the secret meetings of the Finance Committee. You think that is proper?

Mr. GRUNDY. I don't think there was any impropriety in what happened.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The time of the Senator from Arkansas has expired.

Mr. DOUGLAS. I yield the remainder of my time to the Senator from Arkansas.

The PRESIDING OFFICER. The Senator from Arkansas is recognized for 7 additional minutes.

Mr. FULBRIGHT. Mr. Grundy, a prince of lobbyists, and one of the most powerful men in the counsels of the Republican Party for 50 years, did not see any impropriety in the action that led the Senate to censure Senator Hiram Bingham. His testimony is revelatory of the tariff lobby mentality.

We have seen here an example of shocking amorality and greed on the part of a principal Republican leader and tariff lobbyist. But this is not all the story. One is confronted also with a comprehensive ignorance and blindness on the part of distinguished Republican leaders that once led this Nation to economic catastrophe.

Let us go back now to 1932. A speaker is on a platform in Des Moines, Iowa, and he is addressing an audience of hard-pressed, desperate farmers. They were getting shockingly low prices for their products and were facing wholesale evictions from their lands. The men addressing them was former President Herbert Hoover.

What did he propose to do to relieve farmers? Raise tariff rates on farm products?

The very basis of safety—

He said—

to American agriculture, is the protective tariff on American farm products. The Republican Party originated and proposes to maintain the protective tariff on agricultural products. We will even widen that tariff further when necessary to protect agriculture. Ninety percent of your market is at home, and I propose to reserve this market to American farmers.

One stands amazed by such remarks. The foreign price of wheat was then 20 cents a bushel.

It took 15 cents more to carry the wheat to Chicago.

The duty on wheat was 42 cents a bushel. This duty was double the value of wheat on the farm and more than the value of the wheat at Chicago.

But, said Mr. Hoover, the way to help the wheat farmer is to give him a high tariff on wheat.

By way of pointing up this magnificent nonsense, in 1932 we did not import enough wheat to fill a cavity in the Nation's tooth. During that year we imported 2,041 bushels of wheat, valued at $1,546.

A comprehensively ignorant American President is, fortunately, somewhat in the nature of a rarity in our history. Mr. Hoover was not among this group. On the contrary, Mr. Hoover is a well-informed man. It is, therefore, the more surprising to find him saying that the 90 percent of the farmers' market was at home.

Thus in the period 1926–30 we exported the following proportions of the total production of some of our major crops:

	Percent
Cotton	59
Prunes	50
Tobacco	34
Raisins	54
Lard	31
Rye	30
Rice	24
Apples	20
Wheat	18

The great farm market might have been at home for such items as honey, garlic, parsley and, guinea eggs, but it certainly was not at home to the extent of 90 percent for the major farm and orchard products which are the backbone of our agriculture. Thus about the time that Mr. Hoover was speaking more than one-half of the total crop acreage of the United States was planted to wheat, cotton, corn, and tobacco, all of which were crops largely dependent for their economic health upon export.

One element in the current picture which confuses us and makes a clear-cut decision on the question of tariffs so difficult is the fact that an occasional Republican and an occasional Republican publication will speak out for the national rather than the special interests.

In its April 1955 issue Fortune magazine, for example, expresses itself in the following terms:

The tariff is the great American anachronism. It is a direct levy on American consumers, no more, but not less, than any other indiscriminate tax. It is a hidden subsidy to inefficient producers at the expense of the more efficient. It is a way of interfering with the "normal division of labor," which within the boundaries of the United States is taken for granted, and which has done so much to build the wealth of the Western World. Finally, the tariff is a form of economic warfare that inevitably leads on to much worse restrictions.

Fortune also makes a comment that it might be useful for it to din into the ears of leaders of the Republican Party, whom it so blindly supports. The words are these:

The trouble with capitalism is not that it leads on to "exploitation," as the Communists claim, but that it has not been sufficiently tried.

Liberalized tariffs are one of capitalism's most effective devices, and if capitalism in this phase has not been sufficiently tried, the fault lies squarely in the hands of the Republican Party, and at the hands of the Republican President, who seems committed to the policy, but who does not seem to be committed in his own mind or in his own heart to fight for it. If the President's trade program was recently saved in the House of Representatives it was not because the President got out and fought for it and led his troops amid the dust and shock of battle. The fact is that he remained coolly in the White House while the struggle was going on—a general above the battle. The bill was carried by a narrow margin only because the Speaker, SAM RAYBURN, of Texas, a lifelong devoted Democrat, fought for it with all the power at his disposal and went down into the well of the House and made one of his rare speeches and so carried the day.

I hope the Senate will pass the bill. I should like to see both parties at long last join in recognizing the validity of, and applying gradually on a wider scale, the principles which have worked so well within our country.

I confess that I do not regard this bill, with all its compromises and weaknesses, as a very good bill, but obviously

it is the best we will have an opportunity to vote on at this session. Therefore, in spite of its imperfections and shortcomings, I hope the Senate today by a large majority will pass the bill.

I believe it will give considerable discretion to the Executive. If the Executive is determined to liberalize and promote trade relations with the free world, he will have an opportunity to do it, although I recognize that the bill also contains pitfalls and restrictions which, if not avoided by the Executive, can lead to further curtailment of our international trade.

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. SALTONSTALL. Mr. President, I yield 5 minutes to the senior Senator from Colorado.

Mr. MILLIKIN. Mr. President, the members of the Tariff Commission have been at odds with each other on two points:

First. Must imports be the sole cause of injury to an industry?

Second. What is an industry?

These are questions which only Congress can answer. They have never stopped plaguing the Tariff Commission and causing difficulty in arriving at decisions, and have frequently been the cause of split decisions. They should be made clear one way or another. They should be made clear by Congress, because it has the authority to do it.

The committee considered the proposed amendments. It considered whether any contributing factor other than imports, no matter how small, prevents an injured industry from getting relief. The committee wisely decided that imports need not be the sole cause of the injury. It wisely decided that if imports contribute materially to the injury, then help can be given.

The committee decided wisely that, for the purpose of the escape clause, an industry need not be considered a great sprawling octupus producing many different items. Some concerns produce only 1, 2, or 3 items. The same items may be produced by great concerns making many items, and such concerns could afford to lose money or cease to produce one item.

The small-business man could not take such losses. Under the decision that the whole industry must show an overall loss and be operating in the red before help could be given, the small-business man who produced only a few items could be completely wiped out, but no help would be forthcoming.

On the question whether there had to be a loss to the whole industry before relief could be given, the Tariff Commission split 3 to 3.

One group said the wood screws industry did not exist, but was merely a small part of a huge metalworking industry. In answer to that argument, the other group—and I am reading from the Wood Screws decision—stated:

> Such an interpretation of this "domestic industry" phrase in the "escape clause" law would practically nullify the "escape clause" provision in trade agreements as a possible remedy of serious injury, and in effect would almost, if not entirely, void the "escape clause" provisions of the Trade Agreements Extension Act. One by one each small "domestic industry" could be severely injured and put out of business because of imports and section 7 would be inoperative as a remedy—and we believe Congress intended section 7 to be a remedy.

Mr. President, I suggest that the amendments reported by the committee are moderate, and are as clear as legislative language can make them.

I cannot see why they should cause any considerable increase in the number of cases before the Commission. Injured industries have been making appeals and will continue to make appeals. The improvements proposed by the committee will not change the past practices of firms and industries to appeal when they feel they are being hurt. They are good amendments. They are necesary amendments, and should be retained.

Mr. President, I am glad again to emphasize that the administration is in favor of the whole bill as amended by the Senate committee, and these amendments were approved by a sizable vote in the Senate committee.

I suggest that the amendment of the senior Senator from Illinois be decisively defeated.

SEVERAL SENATORS. Vote! Vote!

Mr. DOUGLAS. Mr. President, has the Senator used all his time?

Mr. SALTONSTALL. Mr. President, as acting minority leader, I yield back the remainder of my time.

Mr. DOUGLAS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Frear	Millikin
Allott	Fulbright	Monroney
Anderson	Goldwater	Morse
Barkley	Green	Mundt
Barrett	Hayden	Neely
Beall	Hickenlooper	Neuberger
Bender	Hill	O'Mahoney
Bennett	Holland	Pastore
Bible	Hruska	Payne
Bricker	Humphrey	Potter
Bridges	Ives	Purtell
Bush	Jackson	Robertson
Butler	Jenner	Russell
Byrd	Johnson, Tex.	Saltonstall
Capehart	Johnston, S. C.	Schoeppel
Carlson	Kefauver	Scott
Case, N. J.	Kerr	Smathers
Case, S. Dak.	Kilgore	Smith, Maine
Clements	Knowland	Smith, N. J.
Cotton	Kuchel	Sparkman
Curtis	Langer	Stennis
Daniel	Lehman	Symington
Dirksen	Long	Thurmond
Douglas	Magnuson	Thye
Duff	Malone	Watkins
Dworshak	Martin, Iowa	Welker
Eastland	Martin, Pa.	Wiley
Ellender	McCarthy	Young
Ervin	McClellan	
Flanders	McNamara	

The PRESIDING OFFICER. A quorum is present.

Mr. DOUGLAS. Mr. President, on this amendment I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois [Mr. DOUGLAS]. The clerk will call the roll.

The legislative clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Georgia [Mr. GEORGE], the Senator from Tennessee [Mr. GORE], the Senator from Missouri [Mr. HENNINGS], and the Senators from Montana [Mr. MANSFIELD and Mr. MURRAY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent by leave of the Senate because of illness.

I announce further that the Senator from Georgia [Mr. GEORGE] is paired on this vote with the Senator from Tennessee [Mr. GORE]. If present and voting, the Senator from Georgia would vote "nay," and the Senator from Tennessee would vote "yea."

I also announce that if present and voting, the Senator from Massachusetts [Mr. KENNEDY] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Delaware [Mr. WILLIAMS] is necessarily absent.

The result was announced—yeas 21, nays 67, as follows:

YEAS—21

Anderson	Hill	Lehman
Barkley	Humphrey	Long
Clements	Jackson	McNamara
Douglas	Johnson, Tex.	Monroney
Eastland	Johnston, S. C.	O'Mahoney
Fulbright	Kefauver	Smathers
Hayden	Kilgore	Sparkman

NAYS—67

Aiken	Ervin	Neely
Allott	Flanders	Neuberger
Barrett	Frear	Pastore
Beall	Goldwater	Payne
Bender	Green	Potter
Bennett	Hickenlooper	Purtell
Bible	Holland	Robertson
Bricker	Hruska	Russell
Bridges	Ives	Saltonstall
Bush	Jenner	Schoeppel
Butler	Kerr	Scott
Byrd	Knowland	Smith, Maine
Capehart	Kuchel	Smith, N. J.
Carlson	Langer	Stennis
Case, N. J.	Magnuson	Symington
Case, S. Dak.	Malone	Thurmond
Cotton	Martin, Iowa	Thye
Curtis	Martin, Pa.	Watkins
Daniel	McCarthy	Welker
Dirksen	McClellan	Wiley
Duff	Millikin	Young
Dworshak	Morse	
Ellender	Mundt	

NOT VOTING—8

Chavez	Hennings	Murray
George	Kennedy	Williams
Gore	Mansfield	

So the amendment of Mr. DOUGLAS was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. JOHNSON of Texas. Mr. President, I yield to the distinguished junior Senator from Oregon [Mr. NEUBERGER] 6 minutes on the bill.

Mr. NEUBERGER. Mr. President, I shall speak only briefly today in support of H. R. 1, as now before the Senate.

The reciprocal trade-agreements program, which H. R. 1 will extend for 3 years, has been the mainstay of our foreign trade policy for 20 years, during which it has often been reviewed by the Senate. I have been a Member of this body for only 4 months, so I do not presume that I shall be able to add much to the knowledge of Senators who have shared in the formulation of this legislation over the years. But I do think that I can fairly tell the Senate that, by and large, the people of Oregon support

the continuation of the reciprocal trade program.

OREGON FAVORS LIBERAL FOREIGN POLICIES

The reciprocal trade program, Mr. President, was one of the issues in the Senatorial campaign in Oregon last year. We remember that it was a group of Democrats, for whom the junior Senator from Tennessee [Mr. GORE] was one of the chief spokesmen, who led the fight to save the President's foreign-trade program during the last, Republican-controlled, session of Congress, against the opposition of many of the President's own party, including my opponent in Oregon.

During the campaign I told the people of Oregon that I would support President Eisenhower's request for continuation of the liberal foreign-trade program, which had proved itself during two decades of experience. My opponent had opposed the President's reciprocal trade program. I might say, parenthetically, that this did not, of course, deprive him of the President's support in the election. But I think it is fair to state that on this, as on other aspects of our foreign relations, the issues were clearly drawn. In my judgment, the people of Oregon throughout the campaign showed their support for enlightened, bipartisan foreign policies, whether they were initiated by Democrats or continued by a Republican President.

Mr. President, the reciprocal trade program is one of these enlightened policies.

Perhaps there was a time when we could regard controls over imports and exports as primarily an adjunct of domestic economic policy—or even as a means of raising revenue. But we have learned that we can no longer afford the luxury of manipulating, by such controls, an exclusive domestic market without regard to the impact of our policies on the rest of the world. Our foreign-trade policies have become one of the most decisive factors in our international relations.

The most critical problem confronting our Nation—and which will continue to confront our Nation and all nations, for many years to come—is the maintenance of world peace. I believe we cannot have a peaceful world without a healthy and expanding world economy. We certainly cannot hope to have unity and strength in the free world without strong and expanding economies in the free democracies. Much of that economic strength must depend on commerce and trade within the free world.

HIGH TARIFFS WILL NOT PROTECT NATIONAL PROSPERITY

I was a student in college during the depths of the depression in the early 1930's—just before Secretary of State Cordell Hull's reciprocal trade program first replaced the protectionism of the Smoot-Hawley tariffs. I shall never forget my illustrious professor of economics, Dr. James H. Gilbert, of the University of Oregon, telling our class how we had suffered the most terrible depression in history—with its mass unemployment and widespread human misery—at a time of the highest protective tariffs in American history.

In the face of the facts, we cannot accept the simple, pleasant myth that we can assure the prosperity of domestic producers by erecting high tariff barriers—that we can protect our economy by excluding the competition of imports, so that American consumers will have to buy at the domestic producer's price. I am not a trained economist, but I know that economics is not that simple. I know that the high protection of the Smoot-Hawley tariff did not protect Oregon lumber mills from accumulating vast supplies of good, strong timber, and farmers from the accumulation of mountains of wheat, without a market, foreign or domestic, which could consume the supply.

It is of the utmost importance, Mr. President, that our own economy remain healthy and strong—and, I might add, our own concern that it remain so is thoroughly shared by the very nations with whom we have the closest political and economic ties. But it is a sorry illusion, and a dangerous one, that higher protective tariff walls will assure the health or strength of our economy.

There is always the tendency for each of us to think of himself in his role in some process of production. This is understandable, Mr. President; and so each Senator, I am sure, has heard from citizens of his State who feel that the competition of imports threatens an industry in which they share, whether as workers, owners, or suppliers of materials or services. Yet we should be careful not to confuse the competitive position of specific industries with the health and strength of the Nation as a whole.

Let us not lose sight of some basic facts:

Tariffs are merely a means of keeping prices artificially higher than they would otherwise be. The cost of protecting the domestic producer is thus borne by the consumer. Comparable products which may be available for import at competitive prices are, at least to some extent, excluded. Perhaps it may be suggested that one interest which is rarely mentioned—the interest of consumers—is also entitled to some consideration.

AMERICAN EXPORT TRADE ALSO IMPORTANT

But, Mr. President, to the same extent that high, protective tariffs exclude imports, they also reduce the ability of the world to buy American exports. This elementary fact has been so thoroughly discussed by other able Senators who have spoken on H. R. 1 that I shall not elaborate it again. Let us merely point out the conclusion to be drawn:

A high protective tariff does not protect the national economy. It merely shifts domestic resources in favor of some protected industries and away from those dependent on export markets. While the continued prosperity of local industries may be essential to many communities, it thus does not follow that tariff protection contributes to the prosperity of the Nation as a whole.

It would be a serious mistake to forget the importance of our international trade to our own economy. In 20 years, it has risen in unison with the expansion of our national economy. According to the New York Times, in 1934, the year before the reciprocal trade program was first put into operation, American imports amounted to $1,707,000,000, exports to $1,988,000,000. In 1953, after two decades under the program, our imports were $10,873,000,000, and our exports had risen to $15,747,000,000. Other sources may lead to somewhat different totals. But I think it is significant not only that our present trade program permits international trade at a level which would surely be impossible if we had retained the Smoot-Hawley tariff, but also that along with the increase in imports, on which the protectionists always focus attention, our exports have increased and still exceed our imports in value. These exports contribute to prosperity in every State, including Oregon.

Mr. President, America can sell abroad only to the extent that it buys from abroad. Trade is a two-way street. Our export markets are important to our own economy, particularly to our American agriculture and to other segments which produce more than we consume here at home. Many of those products, agricultural as well as industrial, are produced in Oregon. If we forget that only imports can pay for our exports, we forget the basic rule of international trade.

TRADE ESSENTIAL TO UNITY OF FREE WORLD

Although our foreign trade is important, Mr. President, imports from abroad are still only a small fraction of our total consumption. Yet the American market is of vital and crucial importance to many of our friends and allies.

We often hear some of our orators cry out against any efforts of these nations to trade behind the Iron and Bamboo Curtains. How patriotic such oratory can sound. These same persons are among those who lend their oratorical talents to the attack on President Eisenhower's trade program.

If the nations of the free world—and those which we seek to draw more firmly into the free world—seek to trade with their Communist neighbors, they are threatened with loss of American aid and support, or even worse; yet they cannot trade with use if we interpose protective tariffs and quotas whenever imports rise. What are they to do? Are the people of such a nation—of Japan, for example—to sit and starve in misery? Some of the opponents of reciprocal trade seem to envision a world in which our allies would trade only with other peaceful, liberty-loving nations, and never, never ship a potentially competitive product into the United States. I think they want us to wait for the millenium.

But we have faced the necessity of developing, not economic nationalism, as in the 1930's, but rather economic interdependence for the political unity of the free world. Should the Senate change our direction and risk repetition of the disastrous experience of 20 years ago?

EFFECT ON LOCAL INDUSTRIES DESERVES CONSIDERATION

Mr. President, I too have heard from people in Oregon who fear the results of lower tariffs, and I too am concerned about the impact of imports on particular local industries. It has been pointed

out before, but it is worth emphasizing once more, that H. R. 1 is permissive only. It authorizes the President to continue the program of reciprocal negotiations with other nations for selective tariff cuts, but it does not direct him to lower any particular duty. As the distinguished Senator from Illinois [Mr. DOUGLAS] has pointed out, it can hardly be said that the President has overworked the authority given him in earlier extensions of this latitude.

AID TO DISLOCATED INDUSTRIES IS PLEDGED

But beyond that, Mr. President, I shall be glad to support a program by which all of us will share the burden that may be thrown upon particular industries or communities by the withdrawal of tariff protection upon which they had come to rely. Different programs of that type have been proposed by the Senator from Minnesota [Mr. HUMPHREY] and the Senator from Massachusetts [Mr. KENNEDY], by Members of the House, and by other national leaders. I back those programs to aid dislocated industries and trades.

Industries sometimes face hardships through changing conditions, through technological progress, through downswings in the economy, through competition right here at home. But if injury can be traced directly to the results of the foreign trade policies which have been adopted in the belief that they are necessary in the total national interest, I think the whole Nation can also assume some of the responsibility for helping the workers, owners, and communities dependent on that industry to make the adjustment necessitated by the Nation's trade policies.

In conclusion, Mr. President, I think it has been demonstrated that what our national welfare demands is more trade, not less trade. I hope that the authority to continue the reciprocal-trade program, which the passage of H. R. 1 will provide, will be wisely used to attain that objective. I support President Eisenhower in his reciprocal trade program. In so doing, I am keeping a positive pledge which I made to the people of Oregon during the senatorial campaign of 1954. It was a nonpartisan pledge, and I am honoring that pledge today on the Senate floor.

I thank the majority leader.

The PRESIDING OFFICER (Mr. MCNAMARA in the chair). The bill is open to further amendment.

ANY EXTENSION TRADE AGREEMENTS ACT SHOULD EXPIRE AFTER 1 YEAR—JUNE 12, 1956

Mr. MALONE. Mr. President, I move that section 2 of H. R. 1 be amended by striking the date, June 30, 1958, on line 9, page 1, of the printed bill and substituting therein the date June 12, 1956.

The purpose of my amendment is to limit the extension of the Trade Agreements Act to 1 year following its present expiration date of June 12, 1955.

Section 2 would then read:

SEC. 2. The period during which the President is authorized to enter into foreign-trade agreements under section 350 of the Tariff Act of 1930 (19 U. S. C., sec. 1351), is hereby extended from June 12, 1955, until at the close of June 12, 1956.

The act would then expire on June 12, 1956.

Section 2, if unamended, will extend the life of this highly controversial act beyond the life of the present Congress, and possibly beyond the life of this administration.

This Congress should not commit the Government of the United States to a foreign-trade program beyond the life of the 84th Congress. Therefore, I ask the adoption of my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada, on line 9, page 1.

The amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

CONFINE APPLICATION OF THE 1934 TRADE AGREEMENTS ACT TO THE WESTERN HEMISPHERE

Mr. MALONE. Mr. President, if H. R. 1, extending the 1934 Trade Agreements Act, should pass, the application of the act should be confined to the Western Hemisphere.

CAN BE DEFENDED AND MADE SELF-SUFFICIENT

Mr. President, the Western Hemisphere can be defended and can be made self sufficient in the production of the critical materials, which we need to fight a war or to live in peace.

Therefore, Mr. President, I move that H. R. 1, section 3, page 2, be amended to add the words "in the Western Hemisphere" wherever the words "foreign market", "foreign country", or "foreign governments" appear; and that section 3 (B) on page 3 be amended to include the words "in the Western Hemisphere" following the words "foreign trade agreements" and "foreign trade agreement" in lines 19 and 21.

Section 3 (a), on page 2, line 4, would be amended by adding after the word "markets", the words "in the Western Hemisphere."

On line 17, page 2, after the word "country", the words "in the Western Hemisphere" would be added.

On page 2, line 22, after the word "governments", the words "in the Western Hemisphere" would be added.

Section 3 (B), on page 3, would be changed, so that on line 19, after the word "agreements" the words "in the Western Hemisphere" would be added.

On line 21, page 3, after the word "agreement", the words "in the Western Hemisphere" would be added.

Section 3 (a) (1) and section 3 (a) (1) A and B would then read as follows:

SEC. 3. (a) Subsection (a) of section 350 of the Tariff Act of 1930, as amended (19 U. S. C., sec. 1351 (a)), is hereby amended to read as follows:

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

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

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

Mr. President, I ask that my amendment be adopted.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. MALONE. I have yielded.

1934 TRADE AGREEMENTS ACT CONFINED TO WESTERN HEMISPHERE

Mr. RUSSELL. Do I understand the purpose of the Senator's amendment is to confine any agreements made to countries in the Western Hemisphere?

Mr. MALONE. That is true, because the Western Hemisphere can be defended and made self-sufficient in the production of all the critical materials necessary to fight a war or live in peace.

Further, I would say to the distinguished Senator from Georgia, if we have any trade future it is in South and Central America and in Canada—it is not in old Europe.

Mr. RUSSELL. The Senator's amendment would limit the power of the President to negotiate agreements with any countries in Europe or Asia. Is that correct?

Mr. MALONE. That is correct. It makes no sense to divide our markets with the manufacturing and processing nations of Europe since anything they sell us we simply produce that much less for the most part, and they never have kept the spirit of any so-called trade agreement made with them.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Nevada to section 3 of the bill, on pages 2 and 3.

The amendments were rejected.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

Mr. KNOWLAND. Mr. President, I yield 1 minute to the Senator from Utah [Mr. BENNETT].

Mr. BENNETT. Mr. President, I had prepared a brief statement which I

wished to deliver before the debate on the bill was closed, but the hour is late, and I therefore ask unanimous consent to have my statement printed in the body of the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BENNETT

I am deeply concerned about the problems created for vital industries of my State of Utah by the threat of excessive imports. All of the important industries discussed here today—coal, oil, lead, zinc, and fluorspar are produced in Utah—and all are necessary to the national security.

There is no President on whom the responsibility for national security has rested more definitely than it does on President Dwight D. Eisenhower. Because of his demonstrated excellence in the military field and his sincere devotion to his country's safety and welfare, we have never had a President to whom these vital problems could be more surely trusted.

I am not sure that he will not jeopardize any essential domestic industry in his efforts to develop our foreign relations. He has already demonstrated that in his program for the lead-zinc industry, which I presented to the Senate earlier today. At the same time, and by the same example, he has shown that he needs—and will wisely use—a wider list of possible solutions than those represented by tariffs and quotas. This bill gives him such a latitude.

I am sure that the people of Utah share my feeling of confidence in our great President. I know they want him to have every opportunity to solve these problems in that way which he believes will contribute also to improved foreign relations. And I know he would be the first to ask for new programs if these do not succeed.

As a member of the Finance Committee I participated in the sincere attempts to work out this bill. Therefore I am supporting it—hoping it will prove adequate—knowing that we can correct it if it does not.

Mr. KNOWLAND. Mr. President, I yield 1 minute to the Senator from Utah [Mr. WATKINS].

Mr. WATKINS. Mr. President, I had prepared a statement on the merits of the bill. Rather than read it, I ask unanimous consent to have it printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WATKINS

Mr. President, on February 25, I submitted proposed amendments in the nature of a substitute for H. R. 1 to the Senate, and on March 16, I appeared before the Senate Finance Committee for the purpose of urging the committee to adopt these proposed amendments.

On both occasions, I reviewed the history of the tariff-making procedure of the United States, and, as I stated on both occasions, this careful review led me to the conclusion that with the passage of the Reciprocal Trade Agreements Act of 1934, the Congress began the gradual disintegration of its control, except in theory, over the tariff-making procedure. That is still my opinion and firm conviction.

I favor most of the amendments adopted by the Finance Committee which I believe improve the bill. In a moment I shall discuss these amendments more in detail, but before doing so, I wish to make some general observations with respect to our trade and tariff policy.

First, I want to make it plain that H. R. 1, which constitutes the essence of the so-called trade, not aid, program, is not a panacea for the economic ills of the world. Why? Because the United States is not now a high-tariff country. Our average tariff rate, as measured by the percentage of customs receipts to total imports, is the lowest that it has been in this century. There are indeed few nations whose record is as good on this basis of calculation. As Dr. Jacob Viner, professor of economics, Princeton University, told the Joint Committee on the Economic Report, of which I am a member:

"In the past 20 years, there have been substantial reductions in our tariff rates, and, because of inflation, there has been also a substantial reduction of the ad valorem equivalents of the specific duties of our tariff" (hearings, p. 991).

Now, H. R. 1 is based upon the concept of reciprocity, which Webster defines with respect to international trade as being "that relation or policy as to trade, or other interests between countries under which special advantages are granted by one side in consideration of special advantages granted by the other."

Pursuance of this theme, President Eisenhower concluded, in his address on April 26 at the Associated Press luncheon in New York City, is absolutely essential if we are to "hasten the achievement of both our great goals—peace among the nations; a widely shared prosperity at home."

But what does the record show with respect to reciprocity by foreign countries? Are they actively engaged in the reciprocal reduction of tariffs and other trade business? A 6-month review of clippings from the publication Foreign Commerce Weekly raises considerable doubt that other nations are as actively engaged in reducing trade barriers as is the United States.

During this period the following 24 countries increased or imposed tariffs or other trade barriers upon imports from the United States; Australia, Canada, Colombia, Cuba, Denmark, Ecuador, Ireland, Italy, Japan, Lebanon, Libya, Mexico, El Salvador, France, Germany, Guatemala, Great Britain, India, Pakistan, Panama, Peru, Philippines, Republic of China and South Africa.

Only last Monday, the date we began debate upon H. R. 1, the following notices appeared in the Foreign Commerce Weekly, published by the Department of Commerce:

"PAKISTAN ACTS TO AID PLASTICS INDUSTRY

"The Government of Pakistan has adopted measures assuring protection to the local plastics industry for 3 years, ending March 1958. Additional duties have been levied on various plastic items. These and total duties, shown in parentheses, in percent ad valorem, are as follows:

"Ceiling roses and pendant holders made mainly or wholly of plastic material, 5 (50).

"Switches, excluding switchboards, made mainly or wholly of plastic material, 24 (60).

"Plugs and cutouts made mainly or wholly of plastic material, 14 (50).

"To assure local industry that existing duties will not be lowered in the next 3 years, the tariff classifications of a number of products have been changed from 'revenue' to 'protective.' These include combs, hair slides, and grips made of plastic material; complete fountain pens; ball-point pens; bangles made of plastic material; all kinds of brushes; and soapboxes, buttons, and conical tubes made of plastic material.

"Other measures have also been taken to assist the industry."

"PHILIPPINES PUTS BAN ON READY-MIXED PAINT

"The Central Bank of the Philippines has banned import of ready-mixed paints by canceling allocations of foreign exchange assigned importers of this commodity.

"Simultaneously, ready-mixed paints were reclassified by the bank from the nonessential consumer goods category to the unclassified category—a change which in effect suspends imports of the commodity, inasmuch as foreign exchange is not allocated for import of goods in the latter category."

This is a far cry from the two-way trade, which President Eisenhower characterized in his address last week to the Associated Press as being "a broad avenue by which all men and nations of good will can travel toward a golden era of peace and plenty."

Yet, low-tariff advocates, in their endeavor to sell the American public a so-called liberal trade policy, have made the tariff policy of the United States virtually a scapegoat for the economic troubles of the world. It is, in my opinion, about time that the nations of the world put a halt to the wholly unjustified practice of making the United States the world's economic whipping boy.

It is evident, since United States tariff rates are already at extremely low levels, that further reductions cannot possibly have the great stimulating effect which many proponents of H. R. 1 claim will be the case. The world's economic ills will not be solved, or even appreciably relieved, by any conceivable tariff action which may be taken by the United States.

This statement is amply supported by evidence given by experts to the House Ways and Means and Senate Finance Committees, as well as the Joint Committee on the Economic Report. For example, Willard L. Thorp, former Assistant Secretary of State for Economic Affairs under President Truman, and now director, Merrill Center for Economics, Amherst College, put it this way to the Joint Committee on the Economic Report:

"I cannot feel that there would be major changes that would create a great volume of trade. The American economy will be one in which 90 percent, shall we say, of our goods and services will be produced within the United States" (hearings, p. 883).

Dr. Jacob Viner was even more adamant in stating to the joint committee that "the amount of change that complete free trade would make in the American economy is not very large. I fear that the amount of gain the American economy can make out of free trade has fairly narrow limits. I fear it only in this sense: The amount of good we can do to the rest of the world through free trade is limited, and the amount of good we can get for ourselves from that avenue, as against the benefits we can get from other avenues of good government, is also limited" (hearings, p. 969).

But although lower United States tariff schedules are not a panacea for the world's economic difficulties, they can very easily be the demise of many of our domestic industries, which primarily due to higher labor costs, just cannot compete with foreign imports enjoying cheaper labor and water transportation costs.

A great number of these domestic industries are engaged in the production of raw materials, such as our metals, petroleum and agricultural products, which must be processed. Yet it is exactly these types of commodities which make up the vast bulk of our imports. In this connection, Mr. Nathaniel Knowles, Jr., Acting Deputy Director, Bureau of Foreign Comerce, Department of Commerce, told the Joint Committee on the Economic Report that "some 70 percent of our exports consist of manufactured goods shipped in substantially the forms in which they are finally utilized abroad. * * * Our imports, in contrast to our exports, consist preponderantly of raw materials and crude foodstuff requiring extensive further processing before entering into consumption channels. * * * Less than one-fifth of our imports enter the country as substantially finished products" (hearings, p. 930).

Now, with these facts in mind, it is not difficult to see why the export-minded segments of our economy not only do not fear lower tariff rates on imports but actually favor them. First, foreign imports provide a

cheap source of raw materials. Second, with our great advantage in the techniques of industrial production, they have little to fear from competitive imports.

As Dr. Arthur Upgren, dean, Amos Tuck School of Business Administration, Princeton University, told the Joint Committee on the Economic Report a few weeks ago:

"The barrier to a great inflow in imports is largely the $160 billion investment of American plant in new industry.

"With that huge investment American industry would generally meet the price conditions which would be imposed by tariff reduction. What I am saying here is that the proposal of trade, not aid, about a year or two ago, could not have accomplished but a very small amount of the achievement that was dramatized by the visit of two members of the British Cabinet. This was important, but we should not try to persuade the American people that we can do so much more than is possible" (hearings, p. 891).

Actually, one is led to suspect that this drive for a so-called trade, not aid, program is an argument that has been advanced not because it will cure the economic ills of the world, but because it serves better the interests of the export-minded segments of our domestic economy. Commodities which enjoy an appreciable export market, it would appear, are in a far better position to be considered for tariff reductions under the trade agreements program than are our raw material industries. This would probably include, for example, automobiles and special high-grade-production machine tools. Yet the protection afforded to the steel and automobile industries by way of comparison with lead and zinc, a raw material, is relatively much greater.

Simultaneously, however, with the reduction of United States tariff rates, to about half of what they were in 1930 by the Executive under the trade-agreements program, there arose a growing volume of protest from certain segments of American industry. The complaints have charged that such negotiated agreements contained tariff and other concessions which resulted not only in American producers losing domestic markets but also in the demise of American industries. And as the years have gone by this conflict has grown and magnified, producing in its wake voluminous but conflicting opinions and literature on the subject of trade agreements.

As I indicated in my remarks to the Senate on January 25, 1954, I am in general agreement with President Eisenhower's statement in his special message on foreign economic policy to the effect that all nations should mutually undertake the lowering of unjustified barriers to trade "on a mutual basis so that the benefits can be shared by all." But, as I said on that occasion, the "all" who share in those benefits must include those efficient domestic industries which are operating in the face of ruinous and disadvantageous competitive conditions with foreign imports. Our experience to date, however, seems to indicate that certain revisions in the trade-agreements program are necessary if these two objectives are to be realized.

An analysis of escape-clause applications and their administrative disposal will make this quite clear. The escape clause, as you undoubtedly know was not an original part of the Reciprocal Trade Agreements Act. Rather, it was the product of extensive liberality in granting tariff and other concessions by the executive branch under the trade-agreements program and the result of increasing protest by American industries adversely affected by excessive imports. The function of the escape clause is, of course, to compromise the conflict which arises between the need and desirability of freer international trade and the need for protecting defense and certain other industries fundamental to the economies of certain sections of the United States, the customs and traditions of our people, and for maintaining safeguards which protect wages, industry, and agriculture.

The early trade agreements negotiated under the Reciprocal Trade Agreements Act of 1934 contained no general means of providing realistic relief if a particular concession proved unexpectedly injurious to a domestic industry. Although escape clauses had been contained in bilateral-trade agreements since 1941 and in the General Agreement on Tariffs and Trade since 1947, it remained for the Congress, because of the difficulty of foreseeing the contingencies that might arise, to make the inclusion of an escape clause in new trade agreements a statutory requirement. This was accomplished in 1951 by the passage of the Trade Agreements Extension Act.

The facts, however, indicate that the executive branch of the Federal Government and the United States Tariff Commission have not, in general, interpreted and administered the escape-clause provisions as the Congress so intended. First, it is interesting to note that of 56 applications, which were filed during the period 1948–54, the Commission recommended relief in only 12 instances, all but 2 of which involved only products of minor importance.

But why only 12 favorable applications? In part, because the Congress has failed to establish definite criteria for the Commission to follow in arriving at decisions. But primarily it is because the Commission in considering the effect of increased imports on production, profits, and employment has consistently held that an industry is deemed to include, for purposes of escape-clause relief, all the operations of the constituent firm making the application, rather than only those operations that are directly related to the production of the product identified in the escape-clause application.

This interpretation has directly served to nullify the intent of the Congress to give needed tariff relief.

Second, how close has the President followed what we must presume to be the expert recommendations of the Tariff Commission? Of the 12 favorable Commission recommendations I mentioned a few moments ago, 7 were unanimous decisions and 1 was a 3-to-2 decision.

Yet, in only five instances did the President follow the recommendations of the United States Tariff Commission. These 5 favorable actions by the President involved the following 4 products, which the Commission unanimously believed needed relief. They included: (a) Women's fur felt hats and hat bodies; (b) hatter's fur; (c) dried figs; (d) alsike clover seed.

The other product—watches, movements, and parts (second investigation)—involved a favorable recommendation decided by a 4-to-2 vote of the Commission.

In three other cases the President refused to grant relief even though by unanimous vote the Tariff Commission had recommended such action. These even included a decision with respect to lead and zinc which are strategic raw materials and which the Office of Defense Mobilization believes is an industry we must preserve. Likewise, he refused to grant relief with respect to three 4-to-2 decisions and one 3-to-2 decision of the Tariff Commission.

In these cases, despite the recommendation of the Tariff Commission, an expert body, the President held to the contrary, for reasons which seemed satisfactory to him, that serious injury to the domestic industry had not been established. This record has convinced me that the executive branch has consistently and deliberately ignored the intent of the Congress in its administration of the escape clause provisions. Congress intended that mechanism to be used by the executive branch to grant relief to domestic industries injured by the excessive importation of competing commodities due to tariff or other concessions obtained by foreign competitors through trade agreements which we had concluded with their governments.

Because the facts simply indicate to me that the intent of the Congress has been ignored, I appeared before the Finance Committee in mid-March to offer for their consideration a series of amendments to H. R. 1, which I believed essential to the welfare of this country. I am indeed happy to note that the Finance Committee has accepted most of those amendments in substance which briefly are as follows:

First, section 3 (a) while authorizing the President to enter into foreign trade agreements, provides that the enactment of H. R. 1 shall not be construed to determine or indicate the approval or disapproval by the Congress of the executive agreement known as the General Agreement on Tariffs and Trade. This matter, therefore, will be deleted at a future date on its own merit, if any, as should be the case.

Second, section 3 (d) requires the President to submit to the Congress an annual report on the operation of the trade agreements program. It also directs the Tariff Commission to keep informed concerning the operation and effect of provisions relating to duties or import restrictions of the United States contained in trade agreements heretofore or hereafter entered into by the Executive, and to submit to the Congress at least once a year a factual report on the operation of the trade agreements program.

Third, section 6 (a) provides, as a criteria for escape-clause action, that increased imports, either actual or relative, are to be considered by the Tariff Commission in escape-clause proceedings, as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury, or the threat of serious injury, to the industry making application for relief.

Fourth, section 6 (b) provides that where a particular business enterprise is engaged in operations involving more than 1 such industry, or more than 1 such segment of a single industry, the Tariff Commission shall distinguish or separate, so far as practicable, the respective operations of such business enterprise for the purpose of determining import injury, and that for purposes of recommending relief the domestic industry shall be held to include only those operations that relate directly to the production of the products under investigation.

In addition, it is interesting to note that section 7 of H. R. 1 as reported by the Finance Committee provides that whenever the Director of the Office of Defense Mobilization has reason to believe that any article is being imported into the United States in such quantities as to threaten to impair the national security, he shall so advise the President. Then if the President agrees that there is reason for such a belief, he will cause an immediate investigation to be made to ascertain the facts. If the investigation substantiates the existence of such facts, then he is authorized to adjust the imports of such article to a level that will not threaten to impair the national security.

Whether this so-called vital industry amendment becomes a reality or not depends upon the sincerity with which it is administered by the President and his staff. Because of this fact, I want to briefly review the lead and zinc experience to date and then to make some specific observations with respect to what my course of action will be unless this vital industry is given immediate assistance.

During the Korean war, foreign production of lead and zinc was greatly increased

through the support of American aid and by comparatively high domestic prices during a period when domestic production was restricted by price controls. After the war as a result, excess foreign lead and zinc supplies have continued to flow into our domestic markets at prices well below the average cost of domestic production.

Mr. Otto Herres, chairman of the National Lead and Zinc Committee, told the Finance Committee, during the course of its hearings on H. R. 1, that "such action has made marginal mines out of once prosperous properties." In the spring of 1953, the mining industry was advised to seek relief through the escape clause provisions of the Trade Agreements Act rather than by legislative means.

The Senate Finance Committee, as well as the House Ways and Means Committee, were sufficiently impressed with the problems of the lead and zinc mining industry at that time to direct the United States Tariff Commission, pursuant to the respective resolutions of July 27, 1953, and July 29, 1953, to initiate a general investigation of the industry, including the effect of imports of lead and zinc on the domestic prices and employment.

On May 21, 1954, the Tariff Commission unanimously reported to the President that the importation of lead and zinc was in such quantities as to cause serious injury to the domestic industry. In order to correct the problems, the Tariff Commission recommended that "* * * the rates of duty 50 percent above the rates existing on January 1, 1945 * * * be imposed for an indefinite period."

The President, however, for what were sufficient reasons to him, did not follow the expert recommendations of the Tariff Commission. Instead, on August 20, 1954, the Government initiated a long-term stockpiling program for lead and zinc. And although, by this action, the President recognized in effect that the excessive importation of lead and zinc had injured the mining industry, the results to date indicate that it has not appreciably improved the situation.

Since August 1954, the price of zinc has advanced only 1 cent, from 11 cents per pound to the April quotation of 12 cents. Why? Primarily, because unlimited imports of zinc and slab zinc have continued to flow into this country. As Mr. Otto Herres, chairman of the National Lead and Zinc Committee, told the Finance Committee:

"For the year 1954 on an average of 41,460 tons of zinc a month from foreign ores in addition to an average of 13,444 tons of imported slab zinc, a total of 54,904 tons, entered United States consumption while the output of the mines at home was dropping to an average of 38,750 tons.

"Excessive imports of foreign ores have been taking over a larger proportion of United States smelter production at the expense of the Nation's mines. Domestic mine output of zinc consequently has been reduced to less than 39,000 tons a month from an average of 60,000 tons a month in early 1952. Smelter production of zinc is at an all-time high while mine output of lead and zinc is the smallest since the depression years, 1931–34."

That stockpiling has not accomplished the purpose it was intended to achieve, is evident from the testimony given by the Office of Defense Mobilization on March 29, 1955, before the subcommittee on Mines and Mining of the House Interior Committee. In response to a question by Representative ASPINALL as to whether the American mining industry was in a better position today to furnish strategic materials and metals in case of an international conflict than a year ago, an official spokesman of Office of Defense Mobilization replied that while such was the case with respect to some industries, the lead and zinc industry was on the brink of going to the wall and that something had to be done to prop it up.

To the extent that stockpiling does increase the domestic price of lead and zinc, it seems to serve as a magnet in attracting foreign imports in much the same way as the rigid 90 percent farm price support program has attracted the importation of agricultural commodities. But whereas the American farmer can rely on section 22 to limit imports, the lead and zinc industry has only had the escape clause provision, which the executive branch has declined to invoke.

Now, personally I believe that the Congress should at this time return to itself a larger share of the direct responsibility for our tariff-making policy in those areas of intense conflict which has been generated by the trade agreements program. Specifically, I refer to an amendment I proposed on the occasion of my mid-March appearance before the Senate Finance Committee.

This amendment would have made findings of the Tariff Commission final with respect to recommendations for relief under an escape clause proceeding, unless either House of the Congress by an affirmative vote of a majority of its Members passed a resolution stating that it did not favor the plan.

However, I have decided after considerable thought and study not to offer this amendment. I shall instead vote for H. R. 1 with the Committee amendments if adopted, because:

1. I hope and believe President Eisenhower will take quick and affirmative action under the so-called "vital industry" amendment with respect to lead and zinc and other commodities if impartial studies show that they need relief, as has been ably demonstrated in the case of lead and zinc, by the expert findings of the Tariff Commission and the Office of Defense Mobilization.

2. I hope and believe that the members of the Finance Committee will keep an alert and active check upon the the administration of this amendment by the executive branch as the remarks of many of its members here during the debates on H. R. 1 have indicated.

But I do take this occasion to serve notice not only upon the Senate but also the Executive branch, that unless affirmative and effective action is taken to protect vital American industries, I shall join with other Members of the Congress in an effort to enact into law the objectives of the amendment I proposed to the Finance Committee, which will return to the Congress effective control over the tariff-making procedure and specifically will make the escape clause provisions effective.

Mr. KNOWLAND. Mr. President, I yield one-half minute to the Senator from Kansas [Mr. CARLSON].

Mr. CARLSON. Mr. President, I ask unanimous consent to have printed in the body of the RECORD at this point a telegram which I received from the American Farm Bureau Federation expressing the views of the federation on H. R. 1.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., *May 3, 1955.*

Senator FRANK CARLSON,
United States Senate,
Washington, D. C.:

American Farm Bureau Federation urgently requests your suport for H. R. 1, as recommended by Senate Finance Committee. Extension of Trade Agreements Act will help maintain economic strength of free world and assist in expansion of markets so necessary to welfare of American farmers.

CHARLES B. SHUMAN,
President, American Farm Bureau Federation.

Mr. BRIDGES. Mr. President, the Finance Committee has reported H. R. 1, with highly important amendments, on which I shall comment briefly.

The Senator from Rhode Island [Mr. PASTORE] and I felt that H. R. 1 required certain changes to preserve the reciprocal and selective principles of the trade agreement program, to achieve the intended protection of American labor and industry from destructive imports, and to eliminate certain new features which appeared to us to be inconsistent with sound legislation. Our intended amendments to this end were ordered printed and referred to the Finance Committee on March 30.

Of the 6 important amendments which we proposed, and 3 in which we joined with 15 other Senators, a total of 9 amendments, 8 were accepted, specifically:

First. The Congress' present policies with respect to GATT were preserved; and there is removed any approval by implication of arrangements entered into without the knowledge and consent of Congress.

Second. The so-called basket clause was eliminated so as to place tariff adjustments, up or down, on the selective basis which the President had requested.

Third. Safeguards for national defense industries were written into the bill.

Fourth. The definition of injury was strengthened to make it clearly the intent of the Congress that an injured industry could not be denied due recourse through technicalities.

Fifth. The definition of an industry was clarified so as to permit companies or segments of industries to receive the due recourse now often denied them.

Sixth. For rate reduction purposes, January 1, 1955 was substituted for July 1, 1955.

Seventh. The special provision for reducing tariffs on negligible import items, was stricken out.

Eighth. The provision that American concessions might be exchanged for third-country concessions for Japanese goods, was stricken out.

Only one important proposal made by us—namely, that the findings of the Tariff Commission be made more binding than is now the case—failed of adoption.

It is, of course, gratifying to the Senator from New Hampshire and to the distinguished Senator from Rhode Island [Mr. PASTORE] that the amendments which we proposed, which are very important to our section of the country and, we believe, to the country generally, were incorporated in the bill as reported by the Finance Committee. On behalf of the Senator from Rhode Island and myself, I wish to thank the committee for its action.

Mr. President, it is, of course, gratifying that the Finance Committee has concurred in our views and has adopted so much of our amendatory provisions. However, the important point is not our sponsorship, but, rather, the necessity for and effect of these amendments.

Before commenting on specific amendments, I should like to make clear that the amendments are not crippling

amendments. On the contrary, they make H. R. 1 more, not less, consistent with our foreign-trade policies. For example, they restore certain statutory language which has been in our trade-agreement law since its inception. They also restore and strengthen certain more recent provisions which experience has shown to be necessary.

The report of the Finance Committee contains this accurate, one-sentence summary:

The bill as reported by the committee continues the trade-agreements program and strengthens the safeguards against serious injury to the country's economy.

The first changes I should like to mention are on page 2, in lines 22–25, and on page 3, in lines 1–14, of the bill. These changes delete new matter, and restore provisions of existing law respecting authority to enter into foreign trade agreements, and restore the provision rebutting any inference that the trade agreement extension is to be construed as approving or disapproving GATT.

In my letter of April 15 to the chairman of the Finance Committee, I pointed out why these changes should be made. I stated:

H. R. 1, as it passed the House, includes in its proposed amendment to section 350 (a) language never before included. It specifically authorizes the execution of trade agreements containing "provisions relating to tariffs, to most-favored-nation standards and other standards of nondiscriminatory treatment affecting such trade, to quantitative import and export restrictions, to customs formalities, and to other matters related to such trade designed to promote the purpose of this section similar to any of the foregoing." This language appears to have been taken directly from GATT and can only be intended as an implied approval of things which have been or may be done under the aegis of GATT, or any similar organization, in spite of express disclaimers as to GATT, made by Congress in past renewals of the Trade Agreements Act. * * *

H. R. 1 as it passed the House, specifically disclaims congressional approval or disapproval of the "organizational" provisions of GATT. Past disclaimers have never been limited to the organizational provisions only. They covered substantive provisions as well.

A second series of changes—to be found on pages 12 and 13 of the bill—are with respect to proof of serious injury to domestic industry. These are of great importance in securing effective protection.

As pointed out in my letter to the chairman of the Finance Committee:

Despite the fact that "increased imports" are listed in section 7 (b) of the Extension Act of 1951 as only one of the factors to be considered by the Commission in determining whether a domestic industry has been injured, a group of Tariff Commissioners has interpreted section 7 (b) as requiring a finding that increased imports are the sole cause of the injury. In the clothespin decision of October 6, 1954, three commissioners based their determination on the conclusion that section 7 (a) "literally" means that "increased imports must in and of themselves be found to be the cause of threat of serious injury before a recommendation for 'escape' action can be justified." The report further says:

Obviously, therefore, the extent of the increased imports must be of such scope and intensity as to be in and of themselves responsible for serious injury (report, p. 35).

This interpretation has apparently been adopted by the President since in many cases where he has rejected Tariff Commission recommendations for relief he has emphasized the fact that increased imports were not the sole cause of the injury to the industry.

Accordingly, it was necessary to have the clarifying amendment that—

Increased imports, either actual or relative, shall be considered as the cause or threat of serious injury to the domestic industry producing like or directly competitive products when the Commission finds that such increased imports have contributed materially to the serious injury or the threat of serious injury to such industry.

As I also stated in my letter:

The term "domestic industry producing like or directly competitive products," as used in the Trade Agreements Extension Act of 1951, has given rise to a number of interpretations in cases presented to the Tariff Commission, and has possibly prevented certain industries from using the escape clause procedure even though they have been injured by concessions. Where an industry produces a large number of items, only one of which is affected by a concession, the Commission has been reluctant to find the existence of injury unless it could be shown that losses on the affected item were so great as to offset profits which the industry may have made in the production of other items.

Accordingly, the adoption of clarifying amendments is necessary, if the intention of Congress is to be preserved, and if domestic products are to be saved from destructive competition.

The testimony before the committee is replete with examples of the fatal effect of foreign competition on various important products, and particularly on new-product development. Accordingly, it was vitally important to include the amendment to be found on page 13 of the bill, which provides that:

(e) As used in this act, the terms "domestic industry producing like or directly competitive products" and "domestic industry producing like or directly competitive articles" means that portion or subdivision of the producing organizations manufacturing, assembling, processing, extracting, growing, or otherwise producing like or directly competitive products or articles. Where a particular business enterprise is engaged in operations involving more than one industry, or more than one readily determinable segment of a single industry, the Commission shall, so far as practicable, distinguish or separate the respective operations of such business enterprise for the purpose of determining injury.

The defense amendment on pages 13 and 14 of H. R. 1 is likewise highly important.

As I stated in my letter to the committee:

Section 2 of the Extension Act of 1954 provides that no action may be taken to decrease the duty on any article if the President finds that such reduction would threaten domestic production needed for projected national defense requirements. This is a highly desirable provision but is applicable only to future reductions in import duties. It is of no value in correcting a condition which has arisen because of an existing concession. Lines 9 through 18 on page 4 of the Bridges-Pastore amendments extend this provision to require the President to withdraw or modify past tariff concessions necessary to prevent injury to domestic production needed for projected national defense requirements.

It will be noted that it provides:

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

Thus, the defense amendment would apply to trade concessions affecting national defense, whenever negotiated, and would provide for action to whatever extent a situation may warrant.

The principal amendment submitted by the Senator from Rhode Island and myself which was not accepted by the committee contemplated that findings of injury by the Tariff Commission should be binding, and that the President should act accordingly to protect the industry involved, in the absence of overriding factors of national security. I am disturbed by the fact that the staff of the President have frequently disregarded findings by a Commission established by the Congress.

I am disturbed that they have done this, although there is no statutory authority for such action, which frequently can be arbitrary. Something should be done to restrict the actions of those whom the senior Senator from Georgia has referred to as "lovable visionaries." Something should be done to bring practical administration to our trade program. I have no desire to tie the hands of our President in his endeavors, but I do not believe impractical dreamers in the State Department or the executive agencies should be permitted to overrule findings of fact based on extended hearings. If the language on this point in the amendment submitted by the Senator from Rhode Island and me is unacceptable, then, as a minimum, findings by the Tariff Commission as to injury should be made final, leaving it to the President to determine what, if any, action he may see fit to take in the light of other factors.

We in New England recognize that foreign trade is a two-way street. Trade looms large in our economic history. A great majority of people throughout the United States recognize that granting an extension of trade-agreement authority is of key importance at this time, in view of the general situation.

I feel certain that all the safeguarding amendments I have described are consistent with sound trade-agreement principles, and that they go no further than is necessary in carrying out these principles.

To keep the record clear, I call attention to the primary authority of what the President desires, in contrast to what

would result from some of the intricate provisions of H. R. 1, except for amendments I have mentioned.

If unamended, H. R. 1 would go far beyond the provisions of H. R. 9474, of the 83d Congress; and with modifications of that bill, as suggested by the President, as I stated in my letter:

The President's letter of February 17, 1955, to the House of Representatives in support of H. R. 1, calls for selective consideration of tariffs, avoidance of serious injury to any United States industry, and an approach which would always keep in mind the welfare of United States industry domestically (as well as the world problems). These factors indicate that the major changes in H. R. 1 and administration policies as previously announced may have been made by the "lovable visionaries" in the State Department without adequate explanation or information to those who have been supporting the bill as written.

I believe that the amendments I have referred to would make H. R. 1 more, not less, responsive to the desire for a sound and realistic continuance of the trade-agreements program.

I feel most deeply that the President does not desire, and the Congress will not enact, legislation which might result in selective destruction of important areas of our domestic industry, and in weakening our economy and our industrial and military potential. I submit that the amendments I have discussed are vital safeguards of American labor and industry, and are consistent, rather than inconsistent, with the furtherance of our reciprocal international trade on an effective and realistic basis.

I believe that these safeguards coincide with the President's philosophy, as expressed in his letter of February 17, 1955, to the minority leader of the House, in which letter the President stated:

Obviously, it would ill serve our Nation's interest to undermine American industry or to take steps which would lower the high wages received by our working men and women * * * No American industry will be placed in jeopardy by the administration of this measure.

Accordingly, Mr. President, it is my belief that H. R. 1 will be adopted with these amendments, and that they will be agreed to by the House of Representatives.

Mr. KNOWLAND. Mr. President, I yield 1 minute to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana is recognized for 1 minute.

Mr. CAPEHART. Mr. President, I ask unanimous consent to have printed at this point in the body of the RECORD a letter addressed to Representative MARTIN by President Eisenhower, under date of February 17.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE WHITE HOUSE,
Washington, February 17, 1955.

The Honorable JOE MARTIN,
House of Representatives,
Washington, D. C.

DEAR JOE: I was concerned to learn from you that there are Members of the Congress who are not wholly familiar with my philosophy respecting H. R. 1 and with my concept of the administration of this program. I send you this letter to eliminate any misunderstanding that may exist.

This point I should like especially to emphasize: Few programs will contribute more fundamentally to the long-term security of our country than the foreign-economic program submitted to the Congress on January 10. This program, built around H. R. 1, will powerfully reinforce the military and economic strength of our own country and is of the greatest importance to the well-being of the free world. The program underlies much of our military effort abroad and promises our people ultimate relief from burdensome foreign-assistance programs now essential to free-world security. It recognizes the creditor status of America in the world and assures leadership of our people in the easing of unjustifiable trade barriers which today weaken all who are joined in opposition to the advance of communism. These considerations underlie my earnest advocacy of H. R. 1. I deeply believe that the national interest calls for enactment of this measure.

I wish also to comment on the administration of this legislation if it is enacted into law. Obviously, it would ill serve our Nation's interest to undermine American industry or to take steps which would lower the high wages received by our workingmen and women. Repeatedly I have emphasized that our own country's economic strength is a pillar of freedom everywhere in the world. This program, therefore, must be, and will be, administered to the benefit of the Nation's economic strength and not to its detriment. No American industry will be placed in jeopardy by the administration of this measure. Were we to do so, we would undermine the ideal for which we have made so many sacrifices and are doing so much throughout the world to preserve. This plain truth has dictated the retention of existing peril-point and escape-clause safeguards in the legislation.

I want to say further that this same philosophy of administration will govern our actions in the trade negotiations which are to begin next week at Geneva.

You are aware, of course, that by law this program will be gradual in application. A key provision of the bill limits to 5 percent of existing tariff rates the annual reduction in these rates permissible over a 3-year period, and unused authority will not carry forward from year to year. You know, too, that this program will be selective in application, for across-the-board revisions of tariff rates would poorly serve our Nation's interests. The differing circumstances of each industry must be, and will be, carefully considered. The program, moreover, provides for reciprocity, and in the program's administration the principle of true reciprocity will be faithfully applied. Americans cannot alone solve all world-trade difficulties; the cooperation of our friends abroad is essential. With such cooperation, this program provides the means for doing our part to help emancipate free-world commerce from the shackles now holding back its full development.

For the reasons I have here outlined, I hope that H. R. 1, which is so important to every American citizen and to the free world, will receive the wholehearted support of the Congress.

Sincerely,

DWIGHT D. EISENHOWER.

Mr. CAPEHART. Mr. President, had I been present this afternoon when a division vote was taken on the Neely amendment, I would have voted for the amendment.

Mr. KNOWLAND. Mr. President, I yield 1 minute to the Senator from Massachusetts [Mr. SALTONSTALL].

The PRESIDING OFFICER. The Senator from Massachusetts is recognized for 1 minute.

Mr. SALTONSTALL. Mr. President, I wish to commend the distinguished senior Senator from New Hampshire [Mr. BRIDGES] for his analysis of the bill from the viewpoint of New England.

As I stated on Monday, I believe that the bill in its present form will make it possible to enter into reciprocal-trade agreements, and at the same time allow our New England industries to go forward. I hope the peril point and escape clauses will permit the bicycle industry of Massachusetts and any other industries which may suffer to obtain adequate relief. At present, the New England bicycle industry is experiencing serious difficulties because of excessive imports. The provisions of the bill under which proper relief may be afforded must be conscientiously and persistently administered.

Mr. President, I hope the bill as it is now constituted will be passed by the Senate.

Mr. KNOWLAND. Mr. President, I yield 1 minute to the distinguished Senator from Nebraska [Mr. CURTIS].

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 1 minute.

Mr. CURTIS. Mr. President, I ask unanimous consent to have printed at this point in the RECORD, a brief statement by myself.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR CURTIS OF NEBRASKA

I have had an opportunity during many years in the Congress to work very closely with the formulation of our reciprocal-trade program. I believe, as do my colleagues, that trade which is economically advantageous to the United States is a very sound objective. However, we have witnessed the United States during 20-odd years of trade regulations make firm concessions to nations desiring our trade and receive, in return, only paper concessions. Alternatives, such as the well-known balance of payments, plus certain customs controls and licensing practices have made it most difficult for American exporters to obtain the same degree of good faith which we have extended, under our agreements, to foreign exporters.

As I view the bill reported by the Senate committee, language has been incorporated to remedy many of our past mistakes. A firm bargaining attitude on the part of American representatives at trade meetings, plus a careful policing under the terms of the bill reported by the Senate Finance Committee, can keep us on a par with foreign nations seeking our trade.

I come from an agricultural State and know that every effort must be made to find markets for an abundance of agricultural products. I realize, that at the same time, the American farmer and the American wage earner must be fully protected from foreign production which is unfairly competitive due to low-wage scale and other local circumstances. As I point out, I view the bill before us as having incorporated more of the means of self-protection than the previous acts. I will urge upon appropriate committees and executive agencies a very careful surveillance on future trade. If the powers granted by the committee bill are not prudently exercised, I feel that extensions beyond the term proposed by this legislation will take a vastly different shape.

Mr. KNOWLAND. Mr. President, I yield 15 minutes to the Senator from Indiana [Mr. JENNER].

The PRESIDING OFFICER. The Senator from Indiana is recognized for 15 minutes.

Mr. JENNER. Mr. President, I have given long and careful thought to how I should vote on H. R. 1, providing for extension of the Trade Agreements Act.

This bill has been approved by the Senate committee charged with studying its provisions. This is a very able committee whose members are unusually well informed and hard working.

I am, nevertheless, reluctantly obliged to vote against the bill. Later, I shall give my specific objections to it; but they are applications of two principles which have guided me in my votes on many issues.

First. The bill delegates to the executive branch the legislative authority of the Congress. I am compelled in conscience to vote against any bills which give to the President or any subordinate of the executive branch the powers specifically assigned to Congress by the Constitution.

Second. The bill continues the practice of meshing American governmental actions into international superagencies which operate above our laws and above the Constitution. I am compelled in conscience to vote against any bill which increases or even perpetuates machinery to make our Government into a spoke in the wheel of world government.

Specifically my objections are as follows:

First. The bill transfers to the President the power to lay and collect tariffs and regulate our commerce with foreign nations, which power the Constitution gives solely to Congress.

Second. The bill permits the President to transfer his authority to subordinates. This is exercise of the legislative power by appointed officials who have received no mandate from the people. The distinguished Senator from Wyoming [Mr. O'MAHONEY] is to be congratulated on the fine presentation he made this afternoon of this very point.

Third. The bill permits the President or his subordinates to transfer this delegated power to international agencies such as GATT. This means that Congress would be a party to subjecting American citizens and American commerce to decisions made by international officials, who not only have no mandate from our voters, but are not subject in any way to our Constitution and our laws.

Fourth. The power of the President to transfer his delegated authority to international agencies is by this bill not only continued but actually increased.

Fifth. The international regulations and administrative machinery of GATT to which we may be committed have never been submitted to Congress for approval or rejection.

Sixth. The bill as drawn commits the next Congress, not yet elected, to this abrogation of its powers and duties under the Constitution. This deprives our people of their right to change our policies in a future election.

Seventh. The bill permits three successive reductions in our tariffs, amounting to 15 percent, although we have been steadily lowering tariffs for years, and now have tariffs lower than most other nations of the world.

Eighth. Other countries have not reciprocated by lowering the barriers to American goods. They maintain barriers against American goods through exchange controls and other machinery devices, which have actually increased since we began the program of reciprocal trade agreements.

Ninth. Mr. President, as was pointed out this afternoon by the distinguished Senator from West Virginia [Mr. NEELY], the distinguished Senator from Kentucky [Mr. BARKLEY], and other distinguished Members of the Senate, the bill would disastrously affect certain industrial and geographical areas, causing economic slum areas in the United States, for the workers, and for businesses dependent upon local industrial activity.

Tenth. The bill would circumvent congressional authority to limit importation of farm products. It would enable the executive branch or foreign governments to negate our farm legislation.

Eleventh. The bill would tend to shift trade in materials which may be vital in war, to areas near the Communist world, over a long and dangerous haul, if war broke out. The bill neglects possible trade with areas in this hemisphere where the haul in wartime would be shorter or less exposed.

Twelfth. The bill is not a trade bill. It is a foreign-policy program. It represents the growing tendency of the State Department to exercise power over Cabinet departments and governmental areas which should be equal to, not subordinate to, State Department officials and their recommendations.

Thirteenth. This State Department policy rests on a basic fallacy in interpreting world economic problems. The markets for Western Europe were in Eastern Europe and in Asia. The Soviet Union struck at Europe, by amputating its markets. Our foreign-policy makers tried, first, to fill the gap by giving billions of dollars to Europe as mutual aid. When that program failed, they tried to cover the failure by the slogan, "trade, not aid." At best, it will help Europe enter well-supplied markets, by lowering the standard of living of American workers. But there is no evidence that this sacrifice of American living standards would solve the real problem, which is the opening of the natural outlets for European manufacturers. Those outlets are the unindustrialized nations of central Europe and Asia.

Fourteenth. The same difficulty applies to Japan. Japan's economic life was badly shattered by permitting the fall of China and parts of Indochina to the Communists. This program would fill the gap by increasing Japanese imports to this highly industrialized area. The lowering of the American standard of living and the growth of economic slums in this country would do practically nothing to replace the natural trade between industrial Japan and an unindustrialized Asia.

Fifteenth. This State Department policy puts forward another, even more dangerous, fallacy in its claim that lowering American tariffs and standards of living will lead to peace.

The way to test this program, Mr. President, is to look at the record. This program was initiated in the early thirties, with a plea that it would increase world trade and strengthen peace. Let us ask what has happened to peace since Mr. Hull first tried to lead the United States down the road of one-sided self-sacrifice for the sake of peace. Has there ever been a time in history when we had less peace?

The doctrine of tariff reductions did nothing to stop the war plans of Mussolini or of Hitler. It did nothing to soften the militancy of the Communist government. It did nothing to change British reliance on social welfare panaceas imported from the continent, instead of old-fashioned British commercial enterprise. It did nothing to halt Japan's pursuit of military self-sufficiency. Japan sold us cheap goods and hoarded our scrap iron, to make the bullets she fired at the Chinese, and later at us.

Since 1945, the State Department's economic policy has been directed with increasing fervor to lowering the American standard of living so European nations could live on gifts. It spent billions to shore up the economy of Europe at our expense, without once studying the basic problem. Have we had peace? Has our sacrifice helped Europe or the United States to end its spending on armaments, its preparation for atomic war?

H. R. 1 is a bill to perpetuate the dream world of false economics which we entered on in 1933, and to strengthen the dangerous reality of international control, which we have submitted to with diminishing resistance since World War II accustomed us to the straitjacket.

I do not know when the Congress will cast aside this rosy illusion of politically managed trade and this dangerous superstructure of international controls. I know the people are waking up. I know the Congress will soon see where we are going. I know these controls and this political management of trade will be ended. Though only a few votes may be registered on our side today, I am confident the wisdom of our people and our Congress will soon free us from this false doctrine. I know we shall turn back to the road of private enterprise and nonpolitical trade on which our greatness rests.

Mr. MALONE. Mr. President, will the Senator yield?

Mr. JENNER. I yield.

PRESIDENT MAY TRADE ANY SECTOR OF THE DOMESTIC ECONOMY

Mr. MALONE. Does the Senator from Indiana understand that under the 1934 Trade Agreements Act, as proposed to be extended by House bill H. R. 1, the President may trade any sector of the domestic economy for an international political arrangement?

Mr. JENNER. I do. That is another reason why I am voting against it.

PRESIDENT'S DECISION IS FINAL

Mr. MALONE. A further question if the Senator will yield. Regardless of any amendment which may have been placed in the bill—H. R. 1—extending the 1934 Trade Agreements Act, is it not fully un-

derstood that the judgment of the President, or of the official to whom this power is delegated, is final, regardless of any peril point, escape clause, or any other safeguard?

Mr. JENNER. That is exactly correct. The Senator from Wyoming [Mr. O'MAHONEY] brought it out very clearly today. We are sitting here tonight whittling away the powers of the Congress, and actually violating our oaths as Senators.

AMENDED THE CONSTITUTION BY SIMPLE ACT OF CONGRESS

Mr. MALONE. One further question if the Senator will yield. Does the Senator understand that through this bill—H. R. 1—we are extending an act—the 1934 Trade Agreements Act—which tied the regulation of the domestic economy and foreign trade, and the fixing of foreign policy, when, as a matter of fact, the Constitution of the United States definitely and pointedly separated the two by placing in the hands of the legislative branch, in article I, section 8, the adjustment of the duties, excises, and imposts which we call tariffs, the regulation of the domestic economy and of foreign trade; and in article II, section 2, placed in the Executive the power to regulate foreign policy?

I ask the distinguished Senator from Indiana if the Congress did not, through the passage of the 1934 Trade Agreements Act, amend the Constitution of the United States by a simple act of Congress and transfer to the President their constitutional responsibility to regulate the domestic economy and foreign trade?

Mr. JENNER. I believe that has been made perfectly clear; but, so far as the constitutional duties of this body are concerned, I think we might as well have before us the Almanac, and let Senators read that.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. MALONE. Mr. President, may we have another minute?

Mr. KNOWLAND. Mr. President, I yield 1 additional minute to the Senator from Indiana.

REFUSE OTC AND GATT GOES ON

Mr. MALONE. Does the Senator understand that, while there has been discussion in the newspapers to the effect that the question of the organization under the General Agreement on Tariffs and Trade at Geneva is coming before the Congress, as a matter of fact, what has been introduced in the House is a bill which would reorganize GATT, under the new name of the Organization for Trade Cooperation—OTC—and that if we approve the Organization for Trade Cooperation we approve the General Agreement on Tariffs and Trade—GATT—but that if we refuse to approve OTC, GATT will go on as before since, as the Secretary of State testified before the Senate Finance Committee, the 1934 Trade Agreements Act itself authorized the formation of GATT, and H. R. 1 extends that authority.

Mr. JENNER. That is correct, because it is in the original law.

Mr. MALONE. I thank the Senator.

Mr. KNOWLAND. Mr. President, I yield 1 minute to the senior Senator from Maine [Mrs. SMITH].

Mrs. SMITH of Maine. Mr. President, I wish to express my great satisfaction in seeing today the amazing shift of support to the "peril point" provision—a provision defeated not too many years ago. We peril-point advocates welcome the new converts to our side.

Mr. KNOWLAND. Mr. President, I yield 2 minutes to the senior Senator from North Dakota.

Mr. LANGER. Mr. President, the act which we are asked to extend has proved disastrous to the farmers of the Nation. I see nothing in the measure which we are considering which would help the farmers. On the contrary, in my opinion it would hurt them.

My reasons are pretty well set forth in the hearings held before the Subcommittee on Antitrust and Monopoly of the Senate Committee on the Judiciary on importations of rye and barley. The reasons for my voting against this measure are clearly indicated therein. I ask unanimous consent that the transcript of the hearing may be printed in the RECORD at this point as a part of my remarks.

There being no objection, the transcript of hearing was ordered to be printed in the RECORD, as follows:

IMPORTATIONS OF RYE AND BARLEY

(Wednesday, September 23, 1953)

UNITED STATES SENATE,
SUBCOMMITTEE ON ANTITRUST AND MONOPOLY OF THE COMMITTEE ON THE JUDICIARY,
Washington, D. C.

The subcommittee met at 2:30 p. m., in room 424, Senate Office Building, Hon. WILLIAM LANGER (chairman) presiding.

Present: Senator LANGER.

Also present: Thomas B. Collins, subcommittee counsel.

The CHAIRMAN. The meeting will come to order. You may proceed, Mr. Collins.

Mr. COLLINS. Senator LANGER, this is a hearing called to develop information relative to the importation of Canadian rye into the United States.

Our chairman has specifically requested the staff to obtain some information regarding the necessity of having a permit to import rye into the United States, and, if there are such permits, to ascertain what Government department issues the permit and the firms that have received permits within the last year or so, and the quantities of rye that have been imported by these firms using the permits.

Mr. Chairman, we have with us Mr. Walter A. Davidson of the Federal Feed Act Division of the Department of Agriculture, who is familiar with the importation of seed rye. I think that Mr. Davidson can give information that would be helpful on this subject that we are studying.

We also have present Mr. Douglas Bagnell, who is with the Commodity Exchange Authority here in Washington, D. C.

STATEMENTS OF WALTER A. DAVIDSON, FEDERAL SEED ACT DIVISION, DEPARTMENT OF AGRICULTURE; AND DOUGLAS BAGNELL, COMMODITY EXCHANGE AUTHORITY, WASHINGTON, D. C.

The CHAIRMAN. We will be delighted to hear from you, Mr. Davidson.

Mr. COLLINS. You might cover first of all, Mr. Davidson, whether there is any need today for a permit to import rye into the United States. My understanding is that since there are no controls on rye at the present time and no quotas, therefore there is no necessity for a permit, as such?

Mr. DAVIDSON. That is right.

So far as the word "permit" is understood to be something comparable to the permits now issued for the importation of seed wheat beyond the quotas that are established, there is no permit required for rye. The only thing that is required for importations of seed rye are those that come by reason of the Federal Seed Act, requiring importations of seed to meet certain standards of quality. Samples of the rye and other seed that are offered for importation are tested and, if the seed meets the certain standard of quality laid down in the act, then a notice, as we call it, which may be construed as a permit also, is sent to the customs officials, and a copy sent to the importer, notifying him that the seed meets the requirements for importation and may come in, or fails to meet the requirements and is refused admission.

During the fiscal year ending June 30, last, there were only 16,000 pounds of rye offered for importation and admitted under the Federal Seed Act.

The CHAIRMAN. What about other kinds of rye, aside from seed?

Mr. DAVIDSON. I would not have any information on that.

The CHAIRMAN. I wanted that information.

Mr. COLLINS. We will hear from Mr. Bagnell, Senator, on that phase.

Mr. DAVIDSON. So the quantity that has come in for seeding purposes has been, according to these records, rather small in the past.

Now, since the 1st of September of this year we have had roughly 200,000 pounds that were offered for importation intended for planting purposes. There were none during July and August. So apparently the volume this year will be larger than it was last year. We are a little inclined to think that there have been some importations in small quantities in the past not declared, even though used for seeding purposes, and therefore not reflected in these figures.

Mr. COLLINS. Now, as far as importation of other types of rye, other than seed rye, inasmuch as there are no controls whatsoever, it can be imported without any necessity for a permit?

Mr. DAVIDSON. So far as I am able to determine, that is correct.

Mr. COLLINS. Could you give us for the record, as long as you are acquainted with the importation of seed rye, the names of the persons who imported it by permit or under the Federal Seed Act for fiscal 1951 and 1952?

Mr. DAVIDSON. I do not have those readily available to me now, but the largest proportion of it was imported, as I recall, by Northrup King & Co., a seed company in Minneapolis, Minn., and another quantity by Klineworth, at Carrington, N. Dak. Other importations were in rather small amounts.

The importation since September 1 has come primarily through ports in New York State, and they have gone to seed dealers in Buffalo, primarily, including Arthur R. Cohn, Eastern States Farmers Exchange, and I think there was one for Sanford Feed Co. I believe that is all; just those three firms in Buffalo, N. Y.

Mr. COLLINS. Mr. Davidson, I understand that there is a duty of 6 cents per bushel for the importation of both seed rye and feed rye. Is that the current duty, as far as you know?

Mr. DAVIDSON. That is something, of course, that the folks in customs are better acquainted with than I am, but it is my understanding that it is 6 cents per bushel of 56 pounds, regardless of whether it is for seed or feed or other purposes.

Mr. COLLINS. I would like to read a comment from today's Wall Street Journal, September 23, 1953:

"Traders received reports that over the weekend 350,000 bushels of Canadian rye were

shipped to South Chicago, and 70,000 bushels cleared for Buffalo. In addition, 660,000 bushels of Canadian oats cleared for Buffalo. This news caused selling of oats and rye futures on the Chicago Board of Trade."

I would also like to make this information a part of the record: That a recent dispatch from Ottawa stated that the carryover of the Canadian rye crop was 16.4 million bushels as against 8.1 million of the year before.

Is there anything else, Mr. Davidson, that your Department would have on this matter of seed rye that would be helpful to the committee?

Mr. DAVIDSON. I do not think of anything now.

Mr. COLLINS. Do you have any questions, Senator LANGER?

The CHAIRMAN. No.

Mr. COLLINS. Mr. Douglas Bagnell of the Commodity Exchange Authority, Washington, D. C.

I wonder, Mr. Bagnell, if you could explain for the record your position with the CEA, and describe your duties generally?

Mr. BAGNELL. Yes. My position is Chief, Compliance and Trade Practice Division, CEA, having to do with enforcement of the law.

The objective of the Commodity Exchange Act is to prevent manipulation in futures markets on the Chicago Board of Trade, the New York Cotton Exchange, and other markets dealing in commodity futures.

We are one of the bureaus of the Department, and are charged with that responsibility.

Shall I go into this rye situation?

Mr. COLLINS. Yes, please, if you will.

Mr. BAGNELL. Going first into the importing angle that Mr. Davidson just talked about, I did bring some figures on the volume of imports in recent years, and down to a fairly current date.

I have a table here that shows the imports for the years beginning July 1, 1942, up to 1953. This shows a considerable variation in volume.

The biggest year was 1943–44, when about 8 million bushels came in. The smallest was 1947–48 when practically none came in.

In the current year, in which I imagine you are most interested, there has been about 5½ million bushels brought in through July of this year. That includes the seed rye, such as Mr. Davidson mentioned, and all other rye.

Mr. COLLINS. Do you have anything to show how that would compare with the importation of a year ago?

Mr. BAGNELL. It is about 3 or 4 times as much. A year ago there was 1,300,000, and this year about 5,500,000. If you would like this table, it could be put into the record.

The CHAIRMAN. Yes; the table will be put into the record.

(The table referred to is as follows:)

UNITED STATES DEPARTMENT OF AGRICULTURE
COMMODITY EXCHANGE AUTHORITY

Rye: Imports as grain into the United States from Canada, 1942–43 to 1952–53

[Thousands of bushels]

Year Beginning July—	Amount
1942–43	1,490
1943–44	8,314
1944–45	4,145
1945–46	1,996
1946–47	1,641
1947–48	41
1948–49	6,794
1949–50	9,007
1950–51	3,045
1951–52	1,342
1952–53	5,564

Source: Bureau of the Census.

Mr. BAGNELL. Then, subsequent to July 1 of this year—I have the figures through September 10—just about 10 days ago, and that shows that for July, August, and that much of September, about 2,300,000 bushels has been brought in. In other words, in about 2½ months, almost half as much has been brought in as during the whole last year, which was a pretty big year.

So, I have those figures, if you wish to have them.

The CHAIRMAN. We will put them into the record.

(The table referred to follows:)

UNITED STATES DEPARTMENT OF AGRICULTURE
COMMODITY EXCHANGE AUTHORITY

Rye: Imports as grain into the United States from Canada

BY MONTHS, JULY 1951 TO JUNE 1953 [1]

[Bushels]

Month	1951–52	1952–53
July	591,592	7,254
August	39,440	382,506
September	48,090	78,378
October	6,174	95,130
November	2,639	42,742
December	147,258	1,031,867
January	12,707	470,984
February	54,221	0
March	135,736	416,946
April	23,840	1,524,475
May	280,217	991,389
June	0	522,394
Total	1,341,914	5,564,065

WEEKLY FROM JUNE 1953 [2]

Weeks ended—	Thousands of bushels
July 2, 1953	0
July 9, 1953	32
July 16, 1953	247
July 23, 1953	70
July 31, 1953	159
Aug. 6, 1953	30
Aug. 13, 1953	329
Aug. 20, 1953	277
Aug. 27, 1953	162
Sept. 3, 1953	290
Sept. 10, 1953	760

[1] Source: Bureau of the Census.
[2] Source: Grain Branch, PMA.

Mr. COLLINS. Do you see any connection, Mr. Bagnell, between the greatly increased importation of Canadian rye into this country, as shown by your figures, the increase this year over last year, and the fact that today rye is about 90 cents a bushel cheaper than it was a year ago? Is there a connection in the importation of this Canadian rye? Is it driving the price of our domestic rye down and causing the American farmer who is producing this rye to lose out in his fight to try to keep his production up and get a full return on his crop?

Mr. BAGNELL. I would not like to qualify as an economist, but from my observation of the commodity markets, I would say that an import figure of that type certainly would have a bearish effect on American prices.

It does not seem to me that you can very well reach any other conclusion.

The total volume of rye produced in this country, as I am sure you gentlemen know, is ranging from 20 million to 25 million bushels, and the imports are running roughly 20 and 25 percent of our total crop. So it would seem to me that it would certainly increase our supply, and anything that increases supply tends to put prices downward.

On the question of price, I have made some comparative tabulations. I do not have these in form to put into the record because I did not know what you wanted until this morning, but these are futures prices in Chicago and Winnipeg, and, as you know, the price of a cash commodity throughout the country hinges pretty much on future prices. Generally, a farmer who sells his rye in North Dakota to the local elevator will have them look at the board and tell him "We will pay so much above or below Chicago rye."

I find that on January 1 of this year Chicago futures were selling at about $1.90, and Winnipeg about $1.79 or $1.80.

In other words, Chicago was about 12 cents a bushel over Winnipeg. I do not need to tell you that Chicago has gone down since then. Those figures were January 1.

As of the current date, Chicago futures were selling about $1.04 to $1.05, having gone down about 85 cents or 86 cents.

Winnipeg was selling for about $1.04 also. In other words, now they are on about an even basis, Chicago not only having weakened about 86 cents, but also having weakened about 12 cents in relation to Winnipeg.

Winnipeg has been a firmer market although it has declined in price also.

Those are current prices, of about $1, compared to about $2 a year ago, at the same time.

Pursuant to your suggestion this morning, we have looked at this—and had previously looked at it—from the angle of possible manipulation in the futures markets.

To prove manipulation we have to show that someone is intentionally operating in a manner for the purpose of putting prices down. That is, if a man legitimately buys a commodity and brings it into this country and there is no law to prevent him from buying it, even though that increase puts the price down we cannot say that that is manipulation, any more than if a man brings a lot of shoes into Washington, and brings the price of shoes down. That is just an increase in supply, not manipulation.

Looking at it from that angle, we do not see anything that I believe could be successfully prosecuted as a manipulation case. There is no prohibition against bringing rye into the country, and the people who are bringing it in and are selling Chicago futures as a hedge against the cash rye are doing what you would normally expect an astute businessman to do. They see a chance to make a profit and they bring it in.

So, from the point of view of manipulation, we do not see it.

I will say that we have not investigated the rye imports as thoroughly as we have imports of oats. As you know, we did make a rather exhaustive investigation of that and, as a result, have filed charges against one of the largest importers, and also recommended criminal prosecution.

We thought that we had—and still think that we have—a case of manipulation there. We do not see the same picture in rye, although a more exhaustive investigation might change our minds, but I do not think it would.

Mr. COLLINS. As of the present moment, you do not think there could be any comparable manipulation in the rye market, comparable to the manipulation that you found in the oats market?

Mr. BAGNELL. I do not think so.

The CHAIRMAN. It is pretty rough on the farmers raising rye in this country; is it not?

Mr. BAGNELL. Well, sir, I would say that that is a fair statement.

The CHAIRMAN. Can the President take any action?

Mr. BAGNELL. As I understand it, Senator—and again, I am not an expert on this, the procedure has to be that the Department has to find that the imports are having an effect on their price-support program and, as I understand that, that means that there has to be enough rye turned in to the Government by farmers, under the price-support program, to jeopardize the price-support program.

In other words, under the law, they cannot simply look at price and say that prices have gone down so we have to invoke this restriction. They have to be able to establish that that decrease in prices has resulted in farmers putting so much stuff under the price-support program that it is about to jeopardize that program.

I have some figures from PMA which indicate that the deliveries to CCC under the price-support program have been very small, that they were only 81,000 bushels delivered under that program in 1952 and 1953; only 1,000 in 1951 and 1952; and 7,000 in 1950 and 1951.

If the CCC did find that so much rye was being turned over to them that it was jeopardizing their program, they then would recommend to the President that he direct the Tariff Commission to hold hearings and determine whether section 22 of the Agricultural Adjustment Act should be invoked to prohibit or limit importations. They are going through this procedure right now on oats, I might say.

If the Tariff Commission found that it was justified to limit imports, they would so report to the President, and then the President could, as he saw fit, apply their recommendations.

In the case of oats, last May the Department recommended a limitation of 23 million bushels, I believe, per year. That is now in the hands of the Tariff Commission. They have had hearings, and I presume will report something to the President on it in due course. But, in direct answer to your question, Senator, the President could not just directly do anything, as I understand it, without going through this procedure.

There was one other factor in connection with these imports, that is, that deliveries of rye on the Chicago Board of Trade have been considerably heavier this year than average, and those deliveries do have a tendency to lower the prices.

The people who sell short in the futures market can either deliver the commodity or buy back their short contracts. If they buy back their short contracts, it usually means that there is not too much of the commodity around, and futures prices usually remain pretty strong. If, however, they actually deliver the commodity on the market, it is likely to be a depressing factor, and in September of this year, this particular month, on the first day of the month, there was 1 million bushels of rye delivered on September contracts, which would generally be accepted in the trade as a bearish factor.

There has been a total of about 2,250,000 bushels delivered altogether in September.

Last May there were about 4 million bushels, and in July, nearly 4 million bushels delivered.

Those figures are running, I would say, about double the same thing last year. There have been almost double the deliveries on futures deliveries this year than last.

Mr. COLLINS. Speaking of futures, December rye futures were quoted yesterday as $1.10 per bushel in Chicago, $1.1625 in Minneapolis, and $1,0425 in Canadian money in Winnipeg.

When you figure that there is a tariff of 6 cents a bushel on Canadian rye, and add the transportation, loading and unloading costs, insurance and other handling, which must be added to make the final price, how do people find it economical and feasible to ship rye from Canada to Chicago if the price spread between Winnipeg and Chicago is about 6 cents per bushel?

Mr. BAGNELL. I would like to answer that by describing the similar situation in oats, because I have not looked into the rye market carefully, but I think that the same principle prevails.

We calculated that Chicago would have to be 8 or 10 cents a bushel over Winnipeg in order to economically bring oats in and deliver them in the Chicago market.

Now, I do notice that in recent months, Winnipeg was about 9 or as much as 15 cents under Chicago.

For example, back in May it was 15 cents under and in August it was 9 cents under. Thus recently I would say that it might have been economically feasible to have bought oats in Winnipeg and delivered them to the Chicago market. When it gets down to the present basis of almost even, which it was about the middle of September, I do not think that it is feasible to do that.

I am not suggesting that this is happening in rye, but stating that it did happen in oats.

We found situations where people were short in the Chicago futures market and we charged that by delivering oats on that market they put the futures price down and were able to make a profit on their short and speculative operations in futures which would more than compensate them for a possible loss in bringing in oats. That is manipulation, and that is what we are charging in the oats market. As I say, we do not see that same picture in rye.

The CHAIRMAN. How much rye does the country need for its own use?

Mr. BAGNELL. Well, historically here, Senator, it looks like our total domestic disappearance—and that includes food, feed, seed, and alcohol, runs roughly 20 million bushels a year. It varies a little from 19, 22, 21, but I would say roughly 20 million bushels, and we have also exported about 4 million to 5 million bushels in recent years. So we apparently can normally take care of roughly 25 million bushels, 20 million for use and probably 5 million for export.

However, I understand that the export market is very poor at this time, that the European demand, according to Canadian rye experts, is pretty slack.

The CHAIRMAN. Then this rye coming in here is going to be excess rye?

Mr. BAGNELL. It certainly looks like it now, to me.

The CHAIRMAN. Since these farmers have voted on this quota of wheatland, reducing it all the way from 20 to 30 percent, it will mean that very much more rye is going to be planted in the United States this year than for several years last past. Is that not true?

Mr. BAGNELL. Well, I have no direct contact with that end of the game, Senator, but it sounds reasonable to me, sir.

The CHAIRMAN. Well, you go through the country and see field after field of rye now, and the farmers are compelled to use the land for something, and are planting rye. With this Canadian rye coming in, it is going to depress the price still more; is it not?

Mr. BAGNELL. I think that any sizable imports will tend to put the price down.

Mr. COLLINS. In addition, if I may interrupt, I understand that the official Canadian export crop report points to 29.7 million bushels this year compared to 24.6 million bushels a year ago.

When you couple that with the 16.4 carryover, this tremendous store of Canadian rye over in Canada, if the present rate of imports on Canadian rye keeps up this country will just be flooded with that Canadian rye.

Mr. BAGNELL. And you have the apparent drying up of the European demand, the export demand. The stocks of rye right now in the country are pretty large. We find that in Chicago there is in the various terminal markets about 5 million bushels on hand as compared to about 3⅓ million a year ago, and we find that this Canadian rye in this country, either on ships afloat or in bond in this country, is about 600,000 bushels. That is not so large, but it is about 100,000 more than it was a year ago.

The total North American commercial stocks, and that means stocks in position to be sold commercially, runs nearly 19 million bushels against about 13 million a year ago.

The CHAIRMAN. Mr. Witness, what is your suggestion? How can we protect these farmers and insure them getting a decent price?

Mr. BAGNELL. I do not believe, Senator, that my field of activity is broad enough for me to make a suggestion on that. My work is limited almost altogether to the question of the futures markets.

The CHAIRMAN. Who is there in the Department of Agriculture who can tell us that?

Mr. BAGNELL. I would imagine that the Chief of the Grain Branch, Production and Marketing Administration, could do that.

If I wanted to get anything on that, I would probably contact first Mr. Gordon, who is Chief of the Production and Marketing Administration. I think that he has people who would be able to give you a much more valuable suggestion on that than I could.

Mr. COLLINS. But, as far as any investigation, or any cursory look-see into this rye situation from your agency's standpoint, your agency being more or less the policing body, as far as trading in commodities is concerned, you do not find that there might be any comparable situation in the rye market today as there has been in the oats market?

Mr. BAGNELL. That is right. I do not see anything which I think comparable to what happened in oats.

The CHAIRMAN. What about flax? Do you know anything about that?

Mr. BAGNELL. No, sir; I do not have the figures on that here at all. That is, on the question of imports. You were interested in imports?

The CHAIRMAN. Yes.

Mr. BAGNELL. No, sir; I do not have anything on that.

The CHAIRMAN. Will you have Mr. Gordon here tomorrow afternoon, and anybody else who may be necessary, to get at this rye situation?

I want to thank you gentlemen very, very much indeed. The people are concerned about this situation.

Mr. BAGNELL. The price has shown drastic movements since July. It has gone down about 30 cents in less than 2 months, and is down over 80 cents since the first of the year, and is just about half of what it was last year. I can readily imagine that they are not happy.

The CHAIRMAN. They are not happy, and the things that they have to buy are priced right up where they were. The price of a combine, for example, has not gone down.

Mr. BAGNELL. I am sure that Mr. Gordon can send somebody.

(Whereupon, at 3 p. m., the committee recessed to a time to be fixed tomorrow afternoon, September 24, 1953.)

(Thursday, September 24, 1953)

The subcommittee met at 2:40 p. m., in room 424 of the Senate Office Building, Senator WILLIAM LANGER (chairman) presiding.

Present: Senator LANGER.

Also present: Thomas B. Collins, subcommittee council; James Miller and Miss Eleanor Guthridge, professional staff members.

The CHAIRMAN. The meeting will come to order.

Mr. COLLINS. Senator, we have from the Department of Agriculture Mr. Murray Thompson, Mr. A. R. DeFelice, Mr. Tom Walker, and Mr. Ray Suppes. We have Mr. Hendrickson from the National Federation of Grain Cooperatives.

The CHAIRMAN. You may proceed, Mr. Collins.

STATEMENTS OF MURRAY THOMPSON, OFFICE OF PRICE, PRODUCTION, AND MARKETING ADMINISTRATION; A. R. DE FELICE, SOLICITOR'S OFFICE; TOM WALKER, GRAIN BRANCH; AND RAY SUPPES, GRAIN BRANCH, DEPARTMENT OF AGRICULTURE

Mr. COLLINS. Mr. Chairman.

This is a hearing continued from yesterday, looking into the matter of importations of Canadian rye and its possible effect upon the American market and the American farmer.

The committee is desirous of going into the background to see what, if any, reason is

behind these increased importations and what ultimate effect will come out of this.

The CHAIRMAN. I think these gentlemen ought to have read the testimony of Mr. Bagnell. Do you have it here?

Mr. COLLINS. I was talking with one of the gentlemen from the Department, and they had talked to Mr. Bagnell this morning, and they are pretty generally familiar with the testimony.

The CHAIRMAN. Are you familiar with it?

Mr. SUPPES. We are familiar with it in a general way; yes.

The CHAIRMAN. I see. You may proceed.

Mr. COLLINS. I wonder if we could have, starting off as a preliminary background, from either Mr. Walker or Mr. Thompson, from the Department, an explanation as to how the rye program works from the time the Department sets the price-support level until the time the Government takes over the rye or the farmer redeems it.

I think that would more or less lay the groundwork, Mr. Walker, and give us an explanation of the picture.

Mr. WALKER. The price-support program operates, I might say briefly, in this manner: We establish loan rates for farm loans and for warehouse loans, and terminal loan rates.

The CHAIRMAN. Pardon me. You are one of the lawyers in this case, Miss Guthridge. Do you not want to get closer and get this record?

Mr. Miller, you had better get up here, too.

Mr. WALKER. Generally, these price-support loan rates are announced ahead of planting time. Upon the harvest of the commodity, the producer can go to his local county PMA committee and apply for a loan at the announced loan rate for that particular county where the rye is produced, or he can indicate that he would like to get price-support insurance—I might call it that—by signing a purchase agreement with the Commodity Credit, in which the Commodity Credit agrees that at time of delivery of the rye they will take it over at that particular rate, which is the same as the loan rate.

At delivery time, if the prices are lower than the loan rate to such an extent that the producer can profit by turning the rye over to the Commodity Credit, he will deliver that rye and the Commodity Credit is obligated to take it.

Briefly, that is about the way the price-support program operates, not only for rye but for the other commodities.

Mr. COLLINS. What is the present loan rate?

Mr. WALKER. The loan rate for the 1953 crop?

Mr. COLLINS. Yes.

Mr. WALKER. $1.43. I believe that is correct. I want to verify the figure.

Yes, $1.43 is the average for the United States.

Mr. COLLINS. What is the present support price?

Mr. WALKER. That is the present support price.

Mr. COLLINS. I see.

Mr. WALKER. That is the average for the United States. It varies by States, and it will vary by terminals. I believe the Minneapolis terminal loan rate is $1.64 per bushel.

Mr. COLLINS. What is the average current market price?

Mr. WALKER. The current market prices are down to around—you are talking about the cash market, not futures? The average for September 23 is $1.12 per bushel at Minneapolis.

Mr. COLLINS. What was it roughly the same time a year ago, do you recall, or do you have the figures?

Mr. WALKER. Not on that same date, but we can give it to you. September 17 a year ago at Minneapolis it was $1.83 to $1.86. The cash price ranged between those two figures. In other words, the current price of rye is low, relatively speaking, compared to last year.

Mr. COLLINS. To what do you attribute the difference in price between last year at roughly $1.83 and, say, September 17 when it was $1.12?

Mr. WALKER. Mr. Chairman, if I may, in answering that question I would like to give some background on the supplies and requirements of rye.

The CHAIRMAN. Go ahead and take all the time you want. There is no hurry at all about this. Go into it as thoroughly as you want to go into it.

Mr. WALKER. We have here what we call a balance sheet of the supplies and requirements for rye, in which we show the supplies, carryover stocks, plus the production, plus the imports. Then the utilization of rye for food purposes, for industrial purposes, if any, and for feed, and seed. Then the amount of rye for export.

For those various items, utilization is shown.

This is a table of data which you may want to include in the record.

The CHAIRMAN. Let the record show it is included.

(The table referred to was filed for the information of the committee.)

Mr. WALKER. This table shows for 1947–51 the average for the 5-year period ending with the 1951–52 marketing year. It shows the same data for the 1951–52 marketing year, the 1952–53 marketing year, the 1953–54 marketing year, which we are now in, and then a projection into 1954–55, which, of course, is all it is, just a projection. Up to that point we have some rather firm estimates on the supplies and requirements of rye.

For this particular marketing year, 1953–54, in which we have the depressed prices on rye, our crop is estimated at 17½ million bushels in the United States. We had a carryover supply on July 1 of 6.3 million bushels. We have estimated a little more than 6 million bushels will be imported.

The CHAIRMAN. Will be imported?

Mr. WALKER. Yes.

The CHAIRMAN. According to the testimony yesterday, nearly that much already has been imported.

Mr. WALKER. Not quite. We will touch on that in just a moment, if you will permit me, Senator.

That indicates a total supply of around 30 million bushels of rye, as compared to a total supply last year, when the price was higher, of 25 million bushels. Our total supply is indicated to be higher than last year, which of itself may or may not affect the price of rye.

The demand for rye apparently will be about the same as for last year. With a larger supply indicated, that might have a bearing on the lower prices.

However, the total supplies of rye as we now have in the United States do not represent the only factor affecting price. If we look at the supplies of rye in Canada, we find that last year's crop, as far as we know, is a record high for all time in the production of rye in Canada; that the carryover stocks were 16 million bushels, or about twice their domestic requirements of rye in Canada.

With a total supply in Canada of about 45½ to 46 million bushels of rye, which is a record high as far as we know, there is, you might say, an overhanging influence of those supplies so nearby, that might have an effect upon our domestic prices of rye.

I have some figures here on the imports of rye from Canada, if you will bear with me just a minute. The imports of rye from Canada, July 1, 1953, through September 10, 1953, amounted to 2,326,000 bushels, or about four times as great as the same period a year ago, when 579,000 bushels were imported.

The CHAIRMAN. What is the total amount imported so far this year?

Mr. WALKER. For this marketing year, 2,326,000 bushels.

The CHAIRMAN. From January 1?

Mr. WALKER. From January 1, I do not have that figure. We can get it for you.

The CHAIRMAN. Do we have it, Mr. Collins?

Mr. COLLINS. I think so.

Mr. WALKER. What I am giving here is on a marketing-year basis.

The CHAIRMAN. What is it this year so far?

Mr. COLLINS. 1951–52, we imported 1,342,000 bushels; 1952–53, 5,564,000 bushels.

Mr. WALKER. That is on a calendar-year basis?

Mr. COLLINS. Yes.

Mr. THOMPSON. I believe that is 1952–53 crop year that you gave.

The CHAIRMAN. We are taking it from January 1.

Mr. COLLINS. These are the figures furnished us yesterday by the Commodity Exchange Authority.

The CHAIRMAN. Go ahead, Mr. Walker.

Mr. WALKER. The figures I am giving here represent from the beginning of the 1953–54 marketing year, that is from the 1st of July.

So these imports coming in at about four times the rate of last year may have contributed to the depressed price conditions.

To summarize the answer to your original question—why are the prices today so much lower than they were a year ago—you might say our supply situation has improved some over the supplies we had for last year and that our imports are greater. The requirements are about the same and the general economic conditions affecting farm prices themselves would have some effect. The general decline in farm prices would radiate into rye as a commodity and would have some effect on it.

The CHAIRMAN. What this committee is interested in, Mr. Walker, is this: The farmers of this country borrowed for the quarter on wheat. There was supposed to be 20 percent when we first discussed it. As a matter of fact, it was approximately 30 percent last year. A farmer with 300 acres of land who seeded only one-third of it to wheat suddenly finds he has a lot of land that he has to seed to something else.

As you travel through Minnesota, Montana, North Dakota, and South Dakota, as I did last year, everywhere you go you will find rye. Maybe it is only 40 acres, maybe it is 100 or 125, but the amount seeded out of the entire area is seeded chiefly because of the fact of the quota on wheat acreage, you see.

Undoubtedly supplies are going to be much greater if they are having a good crop because they have a higher acreage.

What the committee wants to determine is whether or not this price, which may be naturally lower if you got a good crop of rye last year because of the greater acreage, is going to be further depressed by the importation of 5 or 6 or 7 or 8 million bushels of rye from Canada.

Mr. WALKER. You want my opinion on that?

The CHAIRMAN. I want your opinion on it.

Mr. WALKER. I don't think there is any doubt but that the production of rye will increase; and if we have greater domestic supplies, and then we add onto our domestic supplies the importations of unwanted rye, you might say, or rye that is not urgently needed, naturally, it will depress prices—I don't think there is any doubt about it—below where they would otherwise go.

The CHAIRMAN. It would depress the price to the producer?

Mr. WALKER. Oh, yes.

The CHAIRMAN. Pardon me for interrupting. Go ahead.

Mr. WALKER. That is quite all right. I think that is my answer to his question.

Mr. COLLINS. In that very same connection, and thinking in terms of this period July 1, 1953, through September 10, the importa-

tions in that period were, roughly, four times over a year ago. There is no way of telling whether that trend will continue throughout the rest of the year at 4 times the importations of a year ago, but assuming that they did, and further assuming that the price-support price is $1.43 a bushel on rye today—is that correct?

Mr. WALKER. That is today; yes.

The CHAIRMAN. Get the Wall Street Journal article which you had here yesterday. It says we imported 350,000 bushels in 1 day.

Mr. COLLINS. Yes.

The CHAIRMAN. We read that into the record.

Mr. COLLINS. I know the one you are referring to, Senator.

The CHAIRMAN. I want to call it to Mr. Walker's attention.

Will you please read to Mr. Walker the part that is important. It is the part that is marked.

Mr. COLLINS. The Wall Street Journal of September 23:

"Traders received reports that over the weekend 350,000 bushels of Canadian rye were shipped to South Chicago and 70,000 bushels cleared for Buffalo. In addition, 660,000 bushels of Canadian oats cleared for Buffalo. This news caused selling of rye and oats futures on the Chicago Board of Trade."

Mr. WALKER. So it does affect the price.

Mr. COLLINS. May I continue now, Senator?

The CHAIRMAN. Proceed; yes.

Mr. COLLINS. Assuming that you have this increased importation from Canada of Canadian rye, plus the domestic production, and the price of rye being depressed and the support price being maintained at $1.43, if the price of rye on the market at Chicago is, say, $1.10, knowing that they could not get a good price for their rye, what would the domestic producers naturally do? Put it into Government loans?

Mr. WALKER. That is correct; yes. That is evidenced by this year's operation under the price-support program. As of August 15, I believe this report shows, there were some 133,000 bushels of rye placed under price support; whereas last year, as of the same time, there were only about thirteen or fourteen thousand bushels. There is about 10 times as much activity going on right now in the rye-support program as we had last year when the prices were above the price-support level.

So if you have greater production, and if you have these imports coming in at the current rate, you will naturally have prices below the price-support level, and with such a situation existing you will have increased activity under your price-support program.

If these prices do not recover by the time of delivery date, that is, by the time these loans mature, then the CCC itself would become the owner of most of the rye that is placed under price support.

Mr. COLLINS. In that connection, has the Department given any thought to the need for recommending controls on rye?

Mr. WALKER. The importation of rye, as well as barley and other commodities—I am assuming you refer to the imposition of import controls under section 22.

Mr. COLLINS. Yes.

Mr. WALKER. We have been watching it on rye and barley and, of course, on oats we have already recommended that import controls be imposed under section 22. All we have been doing so far in connection with rye is that we have been watching these imports. We have been getting material on it and keeping our data up to date. But as yet we have not prepared any recommendations as to whether we do or do not impose import restrictions under section 22.

Mr. COLLINS. I notice the language in section 22 reads:

"Whenever the Secretary of Agriculture has reason to believe that any article or articles are being or are practically certain to be imported into the United States under such conditions and in such quantities as to render or tend to render ineffective, or materially interfere with any program."

Because of the words "practically certain," in relation to these increased importations of rye the Department probably would want to give some consideration to a study of this, I would assume.

Mr. WALKER. I agree with you there that the Department will need to give some consideration to it. Our chief concern in that connection is whether it interferes with our price support operations. If the importation of rye is going to interfere materially with our price support programs, then a thorough investigation must be made to determine whether import restrictions should be imposed.

The CHAIRMAN. According to the information given in the testimony yesterday, it was said the average crop was 25 million bushels, and already you have over 5 million bushels of foreign rye, which is over 20 percent. He said yesterday over 20 percent has already come in. How are you going to protect the farmer of this country who is going to raise more domestic rye, apparently—and you concede that—than ever before?

Mr. WALKER. I wouldn't go so far as to say we will raise more than we ever did before. Our domestic production of rye is at a relatively low level. We used to produce considerably more rye than we expect will be produced next year, but at that time we were using rye for feed in quantities equaling 20 million a year, and we were producing crops of 40 to 50 million bushels a year. I don't remember exactly the figure, but that can be supplied.

So, coming back to your question, I think the Department will necessarily have to take some steps to investigate the effects of these imports and whether they will likely materially interfere with price support programs. If the decision is reached that they will likely interfere with price support programs to such an extent as to warrant the imposition of import restrictions, then I think the Secretary would follow through on it.

The CHAIRMAN. Rye already has dropped 80 cents a bushel.

Mr. WALKER. That is about right.

The CHAIRMAN. So there must have been some interference to some extent, wouldn't you say?

Mr. WALKER. That drop was from a level that was considerably higher than the price support level. You see, $1.83 to $1.86 a year is compared with the price support on the 1952 crop.

Mr. SUPPES. National average, $1.42, just a cent less.

Mr. WALKER. $1.42.

The CHAIRMAN. I do not know how many trips you take, but if you will take a trip through the Northwest, you will find those farmers up there thoroughly dissatisfied. They tell me what they buy is approximately as high as it ever was. For example, they mentioned Massey-Harris combines which come in from Canada cost $5,500. They have not gone down at all, they tell me, since the war. They take up the farm machinery and the things the farmer has to buy, and they turn to me and say, "Senator, cattle prices have gone all to pieces," putting it crudely. They are down 50 percent, as you know, in some instances. They say, "Wheat has gone down, barley has gone down, oats have gone down. What in Heaven's name are we going to do since we have this quota on the amount of wheat we can raise?"

It is quite severe. I know farmers who have 160 acres and are allowed to raise only 31 acres of wheat. They say, "We have to put it in barley, flax, or oats. If these prices are going to continue to sag also, how in Heaven's name are we going to exist?"

I am trying to find out the answer from you gentlemen, because you are the experts.

Mr. WALKER. If the need arises, we certainly must impose restrictions under section 22, which would be following through with the tools that are at hand to stabilize prices.

The CHAIRMAN. How long will it take you to make that investigation on rye?

Mr. WALKER. That would take probably a month.

The CHAIRMAN. In the meantime, if rye keeps coming in at the rate the Wall Street Journal says, it will make quite a lot of rye.

Go ahead, Mr. Collins.

Mr. COLLINS. You mean in connection with section 22. Wouldn't that entail hearings before the Tariff Commission, also?

Mr. WALKER. It would if it was recommended to the President.

Mr. COLLINS. By the Secretary.

Mr. WALKER. Yes.

Mr. COLLINS. I wonder if you could give for the record, if you have the information available, who are the main consumers, firstly, of this rye that is imported.

Do you know the percentages that go into feed and into distilling?

Mr. WALKER. We don't know the proportions that go into various domestic uses, but we do know something about where it comes into the country, like the Buffalo entry for the eastern area, and Chicago, and so forth. We have a table of information on that.

Of the imports last year, 79 percent of the rye came into Chicago, about 9 percent into the Buffalo area, and about 10 percent into the Duluth-Superior area at the head of the Great Lakes.

But as to the ultimate end use which is made of this rye, I am assuming it would be about the same as our domestic rye.

Mr. COLLINS. What about domestic rye?

Mr. WALKER. Our estimates of the amount used for food is about 5 million bushels; the amount that is fed is about 6 to 7 million bushels; and the amount that goes into industrial purposes, principally the manufacture of alcohol, liquors, rye whiskies, and what-not, runs from about three to six million bushels. The average for the 1947–51 period was 6 million; for 1952–53 it was down to about 3 million. We expect about 5 million to be used in this marketing year that we are in now for industrial purposes.

Then for seed purposes, we have about 5 million that is used annually.

I would assume that the rye that was imported would follow about that pattern of distribution into our domestic consumption.

Mr. COLLINS. Is there anything to show the competition between the imported rye and the domestic rye?

Mr. WALKER. Not that I know of.

Mr. COLLINS. There is no way of getting into that, as far as figures? To put it another way, is there competition between domestic rye and imported rye?

Mr. WALKER. Naturally, there is competition, between the two, because they are used for the same purposes. There would be competition.

The CHAIRMAN. I wonder, Mr. Hendrickson, what is your idea on this entire matter?

STATEMENT OF ROY HENDRICKSON, EXECUTIVE SECRETARY, NATIONAL FEDERATION OF GRAIN COOPERATIVES

Mr. HENDRICKSON. I am Roy Hendrickson, executive secretary of the National Federation of Grain Cooperatives.

We have felt that rye, barley, and oats, the three of them, have to be dealt with pretty much in the same category. They are produced very much in the same territory. It is a very sensitive problem, and has been for a long while.

We have felt that section 22 simply has been rendered inoperative in connection with these commodities, contrary to the apparent intent of Congress going away back to the earliest enactments of section 22, which go away back into the thirties. Section 22 was

reenacted in 1948, and it was very clear, it seems to me, and it seems to many, that section 22, the use of import quotas, was intended to be called into use when you face situations not only such as we have right now, but which we have had for several years.

There have been many petitions to the Department of Agriculture, including those made by my organization, asking for action under this; and in that connection, only one has thus far been taken, and that is that an investigation was made in connection with oats. The President sent it on to the Tariff Commission, and the Tariff Commission held hearings some time ago, at which we had an opportunity to testify along with the Department, and their decision is still pending.

I want to express appreciation for your taking an interest in this, because it affects not only farmers in North Dakota but many thousands of farmers in nearby States. This is an extremely serious problem.

Take barley alone—there really isn't any difference. When you speak of the situation with respect to wheat lands taken out of production, the only real difference, I would say, between barley and rye lies in the fact that there are certain lands, so-called thin land, which is suited for rye and practically nothing else, for that kind of production.

But here we find barley coming in here up to September 10, or thereabouts, at the rate of 8 million bushels this year, since July 1, as compared with 2 million bushels for that same period a year ago. That is four times the rate.

Out in your country, particularly in North Dakota—it is true in Minnesota, South Dakota, Montana, and certain other States—barley is raised not to turn over to the CCC, which places its support price on the basis of the feed value of barley. Barley is produced to try to meet the premium malting market. That premium malting market has been pretty well taken away from the United States farmer now, with the United States farmer facing a situation where the barley comes in from Canada in very large quantities; and is handled there, by the way, as well as oats and wheat, by the Dominion Wheat Board up there, so they are in a position to sell at whatever price they need to to move it in. The tariffs, as you well know, have been cut sharply in connection with this.

I might just point out how far they have been brought down. The barley tariff is now 7½ cents a bushel. It was once 20 cents. This is a result of the GATT and other agreements.

In that connection, while I am mentioning tariffs let me bring out a point there that I think is very interesting. The barley tariff is 7½ cents a bushel. It takes about 1 bushel of barley to make 1 barrel of beer. Let's see what the tariff on beer is. The tariff on beer per barrel is $3.875. In other words, if we are going to have a reduction in tariffs, let's have it all along the way, not simply on a commodity that is being produced out in the Northwest area.

In connection with oats, the rate at which that is coming in so far this year, starting July 1, until September 10, was about the same rate as last year, about 13 million bushels. Last year we finally got in, for the marketing year ended last June 30, 68.6 million. I think that is the preliminary.

Mr. SUPPES. Final.

Mr. HENDRICKSON. The final figures.

Here we have barley stepping away up; and rye, as you have well pointed out, has increased tremendously.

Where is the American farmer going to market this stuff today, with it coming in because of these low tariffs? He is going to turn it over to the CCC to the extent he can find space, but it isn't so easy to find space to qualify, oftentimes, for these loans.

I want to emphasize what you said. You are going to find this problem, which has been important for several years, it is much more important now and it is going to be doubly important next year because of the diversion of a good deal of this land which otherwise would go into wheat, into these crops.

Are these crops important? I would like to quote from President Eisenhower's speech which he made at Casson, Minn., last fall, in which he listed a number of promises or pledges to the farmers, which were very seriously taken and appreciated. His No. 4 promise reads as follows—it is a short paragraph, and I will read it, if you will permit me:

"4. We must find sound methods of obtaining greater protection for our diversified farms which are our producers of perishable foods and yield a rich variety of meat, milk, eggs, fruits, and vegetables that support our nutritious national diet. As provided in the Republican platform, the nonperishable crops so important to the diversified farmers, crops such oats, barley, rye, and soybeans, should be given the same protection as available to the major cash crops."

That is a very important point.

At this last session of Congress, I think there were several bills introduced proposing that oats, barley, and rye be treated like the others. They are not treated like the others.

For instance, you had a shift from the old parity formula to a new parity formula, modified somewhat by what they call transitional parity. Actually, I think the parity prices listed for barley and rye are roughly 20 percent under the old parity. They have been reduced at the rate of 5 percent a year.

When we speak of 85 percent of parity price supports, you are speaking of 85 percent of 80 percent of the old parity.

I want to point out one other factor which I think is significant here. Unfortunately, I didn't get a chance to make a checkup on the rail rates to the head of the lakes from the Canadian producing areas on the one side of the border, and from North Dakota, Montana, and so on, on the other side of the border; but these rates for oats would be representative, I think, of rye, or of barley, for that matter.

Let's take two points. We will take towns that are right across from each other. We will take to the head of the lakes, Duluth-Superior on the United States side, and Fort William and Port Arthur on the Canadian side. From Northgate, N. Dak., to haul 100 pounds of oats down to the head of the lakes costs 47.3 cents. From Northgate to Saskatchewan, separated, I believe, by only a street, there is no emergency charge or tax. They have not had freight increases. I want to convert this to bushels. In the United States the figure would be 15.14 cents per bushel. In Canada, for exactly the same weight of oats, it would be just a trifle over 6 cents, the freight rate to get it into position for marketing.

The same is true of various other points, and I am sure it is true of rye.

So, in other words, the transportation advantage or saving to the Canadian side to get it to the head of the lakes in position to ship, is such that it more than offsets the existing tariffs on these commodities.

I can't tell you exactly when they last had a freight increase in Canada, but at the Tariff Commission hearing I had the opportunity to cross-examine Jock McIver, who is chairman of the Canadian Wheat Board, who testified there. I really thought they had some kind of increase during the war period, and so on, but I got back to 1940 and they have had no increase since before 1940 on their freight rates; and, of course, we have had a very, very large number and substantial freight rate increases.

I think it is important, however, that your tariff, whatever protection that is supposed to be, is more than offset by this transportation saving that they achieve from Fort William and Port Arthur on to Chicago. The rates between Duluth-Superior and Fort William and Port Arthur are quite comparable. They have a tremendous advantage there.

In conclusion, I simply can't avoid going back to our feeling that there has been a lamentable absence of the use of this very legislative tool that is put into the hands of the Department and the Government in the form of section 22 in connection with this. It seems silly to me to spend Government money here to provide price supports on commodities, and have the Government take them over when, with a quota, the domestic supply in the case of rye wasn't too much out of line with demand, and it would have worked out rather well. So our price supports are being permitted to serve as a magnet for the Canadian producer. That, it seems to me, is very unfair to our producers and not in the interests of the Government, and quite contrary to the spirit and purpose of section 22.

That is all, Senator. I thank you very much. I would be glad to try to answer any questions.

Mr. COLLINS. You feel that both as to barley and rye, the Department ought to take some action under section 22?

Mr. HENDRICKSON. Yes. We have been hopeful for a long while that action might be taken in the case of rye and barley, and I don't know what accounts for the inactivity. It is too bad, because I don't see that there is any real difference between them and oats.

Mr. COLLINS. Did you have a comment?

Mr. SUPPES. I might bring out the fact, in defense of the Department of Agriculture for not acting quicker, that the price of rye during the current year has averaged each month above the support level until May, and that BAE seasonal average price received by farmers for rye during the past year was $1.73 compared with the support level of $1.42. The previous year, 1951–52, the seasonal average price received by farmers was $1.52, compared with the support level of $1.30; and in 1950–51, the average received by farmers was $1.31 compared with the average support level of $1.28.

Mr. COLLINS. In that connection, you wouldn't have any figures to show how much rye last year went under loan, and contrast that with how much rye this year, so far, has gone under loan?

Mr. SUPPES. Yes. In 1952 when our production was the lowest on record and our supplies likewise were far less than our domestic needs, so that we had to import some rye, several million bushels, in order even to meet our needs, the farmers placed only 186,000 bushels—just a mere vestpocketful, you might say—under price support. That was equal to only 1.2 percent of the crop. So they weren't in too desperate need of price support. They delivered only 81,000 bushels to the CCC. The year before, they delivered only 1,000 bushels. The year before that 7,000 bushels.

So I think a word in defense of the Department of Agriculture for not moving in this direction up until now is in order.

Mr. COLLINS. But there is some feeling or there might be some certainty that with the continued depressed price of the rye and increased imports from Canada, there is a strong possibility, is there not, of farmers placing a lot——

Mr. SUPPES. I am not in a position to say there is not a threat to the future. It certainly will demand watching.

Mr. COLLINS. Speaking of the level of support on rye, what are the factors that the Department takes into consideration in determining the level of support?

Mr. SUPPES. Maybe you had better take that one, Tom.

Mr. WALKER. I don't know whether I am exactly prepared on the rye to give you the details of the factors taken into account in establishing the loan rate. However, generally in establishing loan rates for rye, barley,

grain sorghums, those nonbasic commodities, they take into account the equivalent feed value as compared to corn, and the price-support rate that is in effect for corn. The final decision as to the loan rate, price-support rate, is, of course, in the hands of the CCC Board. After they take into consideration the factors just named, and other information as to the need for the commodity or the participation by producers in the price-support programs, they then as a Board determine what that rate is.

Mr. COLLINS. I would like to get your comment on a quote from a letter that Senator LANGER has received. This is in connection with barley, but I think you might be able to give us just your thought on this. I quote:

"The facts of the matter are, that practically all barley here in the Red River Valley that can get under cover, or that the elevators will store, is going under loan. The farmers are getting anywhere from 35 cents down to 15 cents a bushel more under the loan program than our markets afford. In other words, the American taxpayer is subsidizing the Canadian exporters of barley."

Do you have any thought on that, any of you gentlemen?

Mr. WALKER. I don't know.

Murray, do you have any comments on that?

Mr. THOMPSON. I was looking up some more factors in connection with your question.

Mr. COLLINS. Would you like me to read it over again?

Mr. THOMPSON. Maybe I should add a little to Mr. Walker's comment.

Mr. COLLINS. Surely, and then we will go to this.

Mr. THOMPSON. In the Agricultural Act of 1949, Congress has listed eight factors which the Commodity Credit Board are to take into consideration when they are setting the price support for any nonbasic commodity.

Mr. COLLINS. What are those, Mr. Thompson?

Mr. THOMPSON. Our lawyer wanted me to cite the place in the law. I am not used to thinking of those things. It is section 401 (b).

The first factor is the supply of the commodity in relation to the demand therefor.

The second factor is the price level at which other commodities are being supported.

This is the one that Mr. Walker was talking about: In the case of feed grains, the feed values of such other grains in relation to corn.

The availability of funds; the perishability of the commodity; the importance of the commodity to agriculture and the national economy; the ability to dispose of stock acquired through price-support operations; the need for offsetting temporary losses of export markets; and the ability and willingness of producers to keep supplies in line with demand.

Those all have to be considered.

Mr. COLLINS. Those are all factors that go into the determination?

Mr. THOMPSON. As Mr. Walker said, it is particularly important in the case of feed grains to compare the feed value of those grains with corn.

Mr. COLLINS. Now let me read this, Mr. Thompson:

"The facts of the matter are, that practically all barley here in the Red River Valley that can get under cover, or that the elevators will store, is going under loan. The farmers are getting anywheres from 35 cents down to 15 cents a bushel more under the loan program than our markets afford. In other words, the American taxpayer is subsidizing the Canadian exporters of barley."

Mr. THOMPSON. What is the date of that letter?

Mr. COLLINS. This was September 15.

Mr. THOMPSON. The first part of it, I would certainly agree with. The last sentence, I don't believe I should comment on.

The CHAIRMAN. This is from a very outstanding grain man in my State.

Mr. THOMPSON. I don't think I should comment on the last sentence.

The CHAIRMAN. I have no objection to telling you who he is. It is Mr. R. F. Gunkelman, Fargo, N. Dak. They have been in business there for a great many years, wholesale grain, seed, feed, and agricultural chemicals. He is an outstanding expert. You have heard of him, have you not, Mr. Hendrickson?

Mr. HENDRICKSON. Yes.

The CHAIRMAN. I just got this letter, and would be glad to have you read all of it if you wish. I have no objection to putting it all in the record. Do you want to read it all?

Mr. THOMPSON. We can read it in the record.

(The letter referred to follows:)

R. F. GUNKELMAN & SONS,
Fargo, N. Dak., September 15, 1953.

Hon. WILLIAM LANGER,
United States Senator,
Washington, D. C.

DEAR SENATOR LANGER: Earlier in the year, I wrote a number of letters with reference to the importation of Canadian barley. From what information we have, it seems that the Tariff Commission and some officials in the Department of Commerce were opposed to the restriction of Canadian imports of barley. I read some comments made by different officials that this importation had little bearing on the price that the American farmer was getting for his product. It has always seemed to me that some of these officials of both the Tariff Commission and the other departments that are interested in agriculture certainly have never made a study of the situation, or are only interested in seeing that our American breweries buy cheap barley.

Now let us look at the present situation. I will quote you from a paragraph taken from a letter written to our company by one of the largest handlers of barley in Minneapolis:

"It is just too bad that the Government allows this Canadian barley to come in and fill up the Milwaukee elevators, and as a result people like Froedtert Malting, who ordinarily would be shipping quite a bit of barley down there, are held back due to plugged conditions, and, of course, that backs up in our Minneapolis market also."

The facts of the matter are that practically all barley here in the Red River Valley that can get under cover, or that the elevators will store, is going under loan. The farmers are getting anywhere from 35 cents down to 15 cents a bushel more under the loan program than our markets afford. In other words, the American taxpayer is subsidizing the Canadian exporters of barley. In our own elevators we are plugged to the roof with barley. We have recently rented a large number of Government bins and have filled these up with barley, so that our farmers can get the higher price under the loan than the market will afford them. Yesterday the Minneapolis market had 385 cars of barley, of which a considerable number went to the Commodity Credit Corporation. This would be very light receipts if we were not competing with the Canadian market, our markets would be advancing; but Canada is simply flooding the Northwest with barley through the Duluth port. Much of this barley comes by lake from Fort William to Duluth, and is then shipped by rail to Milwaukee, Chicago, and St. Louis. In my opinion, this whole program is most asinine inasmuch as the Tariff Commission on one side allows the importation of barley, and on the other we subsidize our farmers with a loan program that will eventually pile up tremendous quantities of barley, both in the country and in the terminals.

I am fully aware of the fact that you are in touch with this situation, and that you have been doing all you could to influence the Tariff Commission to at least increase the tariff on barley if they will not to some extent embargo Canadian imports. I trust that you will continue to do everything you can to help protect the interests of our Northwest farmers.

Best personal regards.

Very sincerely yours,
R. F. GUNKELMAN, Sr.

Mr. HENDRICKSON. Senator, might I call your attention to one thing. You may be familiar with it. Last spring, April 23 and May 8, there were hearings before the Senate Committee on Agriculture, which are contained in this, on the subject of the imports, at which time Mr. M. W. Thatcher, who is general manager of the Farmers Union Grain Terminal Association and president of our federation, and a number of technical assistants, testified in some detail, both with respect to oats, barley, rye, and so-called wheat unfit for human consumption, which is also a somewhat separate problem but a very substantial problem.

The CHAIRMAN. Of which Senator WELKER, of Idaho, is in charge.

Do you have that testimony with you?

Mr. HENDRICKSON. Yes. I have several copies that I brought along for your convenience. Here are several more if you need them.

This was before the Committee on Agriculture. Then you had before Senator WELKER's subcommittee, hearings on the unfit wheat.

The CHAIRMAN. That is right. And the Senate took action on it and passed a bill.

Mr. HENDRICKSON. Yes. Although the bill as finally passed, I might say, was not satisfactory. It was amended.

The CHAIRMAN. I understand it was amended.

We will make these hearings a part of the record.

(The hearings referred to were filed for the information of the committee.)

The CHAIRMAN. You may proceed.

Mr. COLLINS. I have just a few more thoughts on which I want to get some views from the experts of the Department.

One is this: I understand that in the year 1947 and the year 1948, rye sold for $1 a bushel more in Canada than in the United States, and during that period American farmers started to go over into Canada and attempted to sell their rye over there and get the increased price, and Canada stopped that practice of American farmers going over there and getting the benefit of the increased price on rye.

I haven't been able to locate much on that, and I was wondering if you could comment, and what is the background of that?

Mr. SUPPES. In 1947–48, we were still in deep trouble, with controls on our exports and allocations, and scraping together every bushel we could in the United States to ship to hungry countries abroad. Canada was doing likewise, but she didn't have an export control on her rye, nor an import control, either. We had both at that time. We had barely enough rye to take care of our own needs, with very little surplus for export at that time. Prices were sky high, the highest in many years, in 1947–48.

Mr. COLLINS. Over $4 a bushel.

Mr. SUPPES. $3.50 and $4 in this country. There was an avid demand for any grain, rye or anything else, back in those years, compared with now when there is none, you might say, for rye. So American rye moved up through Canada and was transshipped to Europe, where they had ready buyers willing to pay any price for it. There was a profit of around $1 a bushel in the transaction.

It reached the point where our Government officials met with the Canadian officials and

asked them to restrict imports from the United States, and they complied. For a period of some 8 months, as I recall, there was a complete embargo on shipments to Canada, and that ended that type of thing.

Mr. COLLINS. Then actually, I wanted to find out whether that was an action taken purely on the part of Canada that stopped——

Mr. SUPPES. No, it was at our request.

Mr. COLLINS. During that period, 1947–49, from figures supplied, I understand that that year we imported from Canada 41,000 bushels of rye.

Mr. SUPPES. Yes. Canada restricted shipments to the United States at that time because she gave higher priority to England and their European markets, and she didn't have anywhere near enough to fill the needs.

The CHAIRMAN. I think we have the information we wanted, Mr. Collins.

Is there someone else here who wants to say anything in connection with this?

Mr. COLLINS. Yes, Senator. We have one more, Mr. Delos James, of the National Grange.

The CHAIRMAN. We will be very glad to hear you, Mr. James.

STATEMENT OF DELOS JAMES, DIRECTOR, AGRICULTURE-INDUSTRY RELATIONS, THE NATIONAL GRANGE

Mr. JAMES. I haven't anything further to add than what Mr. HENDRICKSON said. I would O. K. his testimony and agree fully with it.

There is no doubt but that it is a very serious matter, not only with regard to rye and oats, but it applies to a lot of other commodities, too—almonds, walnuts, filberts, butter, cheese, and so forth. We have been affected very adversely over the years with this kind of procedure.

The aim to establish a better reciprocal-trade basis between other countries and the United States is proving rather serious for the American farmer. He is the one who is taking the loss in many cases.

In other words, we provide the market for these cheaper products from so many other countries.

It was intended in the beginning, under section 22 and another provision, which I think was eliminated in the last Congress—I have been trying to recall it, which made it possible for the Government to act quickly in a case like this.

The supporters of reciprocal trade, lowering tariffs, and so forth, I think in the last Congress got a change brought about so that it prolonged the procedure in order to get action, and by the time we can get action on this in all probability the damage will have been done. The damage is done right now to a large degree.

As you brought out, Senator, from your own observations of what the situation is among the farmers up there, which is true in other parts of the country, here we are taking acreage out of 1 crop and wanting to put acreage into another crop or 2 or 3 other crops. Yet here is the foreign producer coming in and taking our market, so that when our fellows come in next year with rye and barley, and so forth, there will be a big surplus in our storage places and in excess of our market requirements. It is a mighty serious matter. I hope that in some way immediate action can be brought about.

I haven't studied the matter quite enough. I didn't realize fully what was coming up this afternoon. I am substituting for Dr. Sanders. Yet I have kept a rather interested eye on this problem for a long time, and have been before the Tariff Commision and before some of the committees here with regard to protection for not exactly an agricultural commodity, but a food product where we are suffering from a similar situation of a little different character.

But still, this fine American market is being taken away by foreign producers with a lower standard of living, willing to sell at a cheaper price. All they needed to do was to send a little bit in here, and down goes the price on our domestic production.

It has had a very extensive and devastating effect on our own agricultural production. I don't see how we can go on with this kind of program over the years and support the market for the whole world, for any of these producers who want to dump their excess supplies in here when we don't need them.

I hope that something can be done immediately.

The CHAIRMAN. You heard from the discussion that they say it is going to take 30 days.

Mr. JAMES. I don't see why it is necessary for it to take 30 days. I think there is a provision in the present act that the President can act, and then a study can be made. That is, these imports can be stopped. Maybe I am mistaken.

Mr. HENDRICKSON. Senator, a procedure of that sort was recommended by Secretary Benson, but I am not sure it found expression in the new law.

I would like to add one point, and that is this: Sometimes people blame the Tariff Commission. Actually, the Tariff Commission can't act until it is recommended that it investigate.

For instance, in the case of flaxseed, there was very much this same problem. When it was recommended to the Tariff Commission, the Tariff Commission held a hearing, and we are protected adequately for the time being in that case.

But it seems very difficult to get a recommendation out of the Department of Agriculture to the President, and from the President over to the Tariff Commission on these matters, so much so that we who deal with section 22 a good deal call it "section 22 months," because it takes about that long to get going.

The CHAIRMAN. Anything else?

Mr. THOMPSON. Since section 22 action on butter, cheese, filberts, and almonds has been mentioned, I have a statement here which you might want in the record, which shows that when section 104 was dropped, section 22 action has been taken by the President on butter and cheese, and the Tariff Commission is now conducting an investigation on fiber and walnuts. I thought perhaps you would like that in the record.

The CHAIRMAN. We will put it in the record at this point.

(The document referred to follows:)

"1. Agricultural commodities on which section 22 action has been taken by the President: Cotton and cotton waste; wheat and wheat products; almonds and filberts.

"Dairy products: Butter; dried whole milk; dried buttermilk; dried cream; dried skimmed milk; malted milk, and compounds or mixtures of or substitutes for milk or cream; cheddar cheese, and cheese and substitutes for cheese containing, or processed from, cheddar cheese; edam and Gouda cheese; blue-mold (except Stilton) cheese, and cheese and substitutes for cheese containing, or processed from, blue-mold cheese; Italian-type cheeses, made from cow's milk, in original loaves.

"Flaxseed and linseed oil; peanuts and peanut oil.

"2. Agricultural commodities on which section 22 action is under consideration by the United States Tariff Commission: Wool, edible tree nuts, oats."

The CHAIRMAN. When do you gentlemen want another meeting with this committee? Could you look the matter up more thoroughly within a week?

Mr. WALKER. That would be at your pleasure, Senator.

The CHAIRMAN. I want to do it as rapidly as we can, but I do not want to hurry you. I want to give you plenty of time to make your investigation.

Mr. THOMPSON. Could we call you back on that?

The CHAIRMAN. Surely, you may call me back.

We will adjourn, subject to the call of the Chair. You call me any time. All we want to do is to get together around the table and work for the benefit of the farmers of this country. That is my sole interest. I think we are all agreed on that. Anything this committee can do to help will certainly be done.

Thank you very, very much, gentlemen.

Mr. SUPPES. I might say, Mr. Chairman, I gave you 6 or 8 tables that you may keep and make a part of the record.

The CHAIRMAN. Yes. Will you see that that is done, Mr. Collins?

Mr. COLLINS. I will, Senator.

(The tables referred to were filed with the committee.)

The CHAIRMAN. Thank you very much, gentlemen.

The committee will now adjourn, subject to the call of the Chair.

(Whereupon, at 3:45 p. m., the hearing was adjourned, subject to the call of the Chair.)

(Monday, November 30, 1953)

The subcommittee met at 10 a. m. in room 424, Senate Office Building, Senator WILLIAM LANGER (chairman) presiding.

Present: Senators LANGER and WELKER.

Also present: Thomas B. Collins, subcommittee counsel.

The CHAIRMAN. The meeting will come to order.

This is a continuation of the meeting we had on September 23 and 24. Will you read this statement, please?

Mr. COLLINS. We have a statement here which, under the authority of the chairman, we will make a part of the record. It is a statement submitted by the National Farmers Union on United States policy respecting agricultural exports and imports and effects, with particular reference to imports of rye, oats, and barley from Canada.

Mr. Chairman, we make this a part of the record?

The CHAIRMAN. I want you to read it.

STATEMENT OF JOHN A. BAKER, ASSISTANT TO PRESIDENT, NATIONAL FARMERS UNION (AS READ BY THOMAS B. COLLINS, SUBCOMMITTEE COUNSEL)

Mr. BAKER. Mr. Chairman, and gentlemen, we have followed these hearings with considerable interest and shall continue to do so. We appreciate the opportunity you are giving me today to present our views on this important and significant subject.

The value of exports of farm commodities was 30 percent lower in the marketing year ending in June of 1953 than the previous year. The physical volume of exports of farm commodities dropped slightly more. Wheat, cotton, and tobacco are the major commodities affected, but many others, including grain sorghum and apples, are involved.

The outlook is currently for a further decrease rather than an increase in agricultural exports from the United States owing to the failure of the nations of the free world to establish the international institutions required to stabilize and encourage greater international exchange. This has resulted in increasing foreign production of these commodities, a rising interest rate both in this country and in other nations, and is compounded by prospective reduced United States expenditures for foreign economic assistance.

This development places a downward pressure on United States prices of those farm commodities, a part of the supply of which must seek a foreign market. Prices received by United States farmers for most such commodities are now well below the parity level; some are resting on the price-support level or below.

During the past several years the United States has exported from $2 billion to $11

billion more than we have imported. In 1952 the export advantage was in the neighborhood of $4.5 billion.

The net export balance that must be covered in 1953–54 by a further reduction in United States exports, or by increasing imports, increased United States economic aid, private or governmental and increased private foreign investment will be at least $5 billion. Of this, roughly one-third may be made up by private investments and donations.

The shock of such reductions on farm commodity exports could be somewhat cushioned by the creation of a Foreign Trading Division in Commodity Credit Corporation, when, and if, such legislation is enacted.

However, really significant major increases in exports of United States farm commodities can only be encouraged by raising foreign purchasing power through establishment of international commodity agreements and clearinghouses in conjunction with the World Bank and the United Nations. This would allow increased United States imports and United States assisted foreign economic development and reduced United States sales prices.

At the same time that United States farm exports have been dropping increased imports of farm products such as rye, oats, barley, and feed wheat have acted to further depress the United States market.

Considering these problems, the Farmers Union position regarding appropriate solutions can be briefly summarized as follows:

1. Of primary and basic importance is this: Regardless of the administrative machinery used or the secondary economic principles adopted, the returns to family farm production of all commodities should be supported by the Federal Government at 100 percent of parity with standby authority to use acreage limitations and marketing restrictions only where required to prevent wastage of resources. Production restrictions should not be placed upon any important food commodity at any point below the total of domestic consumer needs plus normal exports plus an adequate safety reserve, plus a reserve for use in implementation of our foreign policy. We consider this economically feasible, justifiable in the general public interest, and morally right. We believe it wise and prudent to make provision for the creation and maintenance of an adequate safety reserve, domestically and internationally in the free world, of storable farm commodities and the storable products of perishable farm commodities. Moreover, we believe that world conditions as wall as domestic population trends require a policy of abundant rather than scarce farm production to meet genuine domestic consumer demand, normal exports, plus an added quantity to be available to implement the foreign policy.

(a) If this goal cannot be immediately attained for political reasons, we favor the following alternatives of descending desirability in the order named:

(1) 90 percent of parity supports for all commodities with acreage limitations or marketing restrictions only to prevent wastage of resources.

(2) 100 percent of parity supports for selected major commodities with necessary standby production restrictions.

(3) 90 percent of parity supports for selected major commodities with necessary standby production restrictions.

(4) Extension for additional years of existing price-support laws.

(b) We believe that increased exports of farm commodities and appropriate and intelligent policies respecting imports of farm products in competition with domestic production are fully possible and feasible within this framework.

2. Administrative machinery: The International Wheat Agreement, Reciprocal Trade Agreement Act, and section 22, diversions, are in operation. They have proved to be workable and, within their scope, successful. Parenthetically, let me pause here to commend the statesmanlike work performed by Senator LANGER as chairman of the special committee of the Senate Foreign Relations Committee that shoved through to successful attainment the extension of the International Wheat Agreement. The International Wheat Agreement, Reciprocal Trade Act, and section 22 should be continued in operation until something better can be created to replace them. However, these are but partial palliatives to the total problem. We recommend the following in descending order of desirability. If more desirable devices toward the top of the list cannot be created, then certainly we should adopt those lower on the list pending later adoption of improved structures.

(a) Democratic world economic union.

(b) International Raw Materials Reserve.

(c) International Food Reserve.

(d) Additional international commodity agreements coupled with each of the above.

(e) Bilateral governmental barter on basis of negotiated agreements.

(f) Complete reliance upon cartel-dominated private trade with reduced tariffs on unilateral basis.

3. Secondary economic principles: These affect domestic consumers, foreign agricultural producers, and foreign buyers of United States agricultural exports. They also have a direct bearing on United States foreign policy generally. They relate to the methods used to implement the domestic farm price-support program and to handle or control exports and imports of farm commodities.

(a) With regard to exports: We favor the foreign sale of exports at a price at, or below, what might be termed the world price, with the difference between world price and the domestic support price made up by the United States Treasury, preferably by means of parity payments to producers, or if that is not done, through export subsidies.

(b) With respect to the so-called supplementary or competing imports: We favor adoption of import policies for farm commodities that compete with domestic farm production that will give United States consumers the maximum supply at minimum price consistent with 100 percent parity returns to family farmers. Specifically, we consider the following combinations in descending order of desirability. However, we feel that nonfarmers as well as farm people have a right and responsibility to help decide these issues. If nonfarmers do not prefer the alternatives we have placed at the top of the list, then by all means let us adopt one of those nearer to the bottom.

(1) United States support-price programs carried out by means of parity payments to producers with no quota or tariff restrictions on imports.

(2) United States support-price programs carried out by means of parity payments to producers with quota or tariff restrictions on imports.

(3) United States support-price programs carried out by supply-diversion methods with imports eliminated at prices less than 100 percent of the parity.

(4) United States support-price programs carried out by supply diversion methods with all imports of competing farm commodities restricted or subject to high tariff duties.

We believe that continuation of a relatively high level of United States foreign economic and technical assistance to other countries is desirable, not only to maintain exports of United States farm commodities but also as a means of speeding up democratic world economic development and closer democratic world economic integration in the fight against communism.

We see no reason why other domestic producers of exported and imported commodities should not be accorded the same treatment we have recommended in the farm sphere. We feel that in certain instances, particularly in case of metals, minerals, petroleum, and other irreplaceable natural resources it would be better public policy for the Government to buy up reserves and capital investment of domestic private owners and allow imports to come in unrestricted.

Moreover, we favor simplification of customs procedures, negotiated tariff reduction consistent with the principles I have enumerated, and very greatly increased attention to and action in international economic planning.

With respect to customs procedures we feel that existing laws should be enforced strictly in accordance with the letter and spirit of those laws. Violators should be fully prosecuted.

Your committee may be interested in hearing these policy resolutions that were adopted recently in the North Dakota Farmers Union convention.

From the program adopted at North Dakota Farmers Union convention:

"Long-range reciprocal and multination trade agreements that will encourage trade with other nations on a fair exchange basis. Farmers Union broadly supports this principle and urges its maintenance and renewal. Other legislation affecting international trade should be made consistent with these principles with adequate provision to insure parity return to United States farm producers and give preference in allocation of import licenses to United States farmer-owned and controlled cooperatives.

"9. Canadian imports: Pending enactment of full parity legislation that will safeguard United States family-farm producers through deficiency payments or otherwise, we urge that the Secretary of Agriculture and the President of the United States take action immediately to limit imports of any farm commodity at a time when the price received by family farmers for that commodity is less than 100 percent of parity."

We feel that existing law gives entirely sufficient dscretion and authority to officials of the executive branch to make the needed adjustments as mentioned above. If that is not the case, we urge enactment of appropriate legislation.

By all means, dishonesty and crooked dealing in imported farm commodities should be stamped out and violators brought to trial. Executive branch officials who are lax or tardy in this regard should be disciplined.

The CHAIRMAN. That is signed by Mr. John Baker?

Mr. COLLINS. Yes, sir.

Mr. Chairman, before we proceed, I wonder if we could place in record without reading a copy of your letter of September 25 to the Honorable Ezra Taft Benson, and Secretary Benson's reply, dated October 9.

The CHAIRMAN. Yes. Put them into the record.

(The letters referred to follow:)

SEPTEMBER 25, 1953.

Hon. EZRA TAFT BENSON,
Secretary of Agriculture,
Washington, D. C.

DEAR MR. SECRETARY: Producers of oats, barley, and rye are deeply disturbed about the downward course of prices for their products, due chiefly to the increasing flood of imports of these three important commodities from Canada.

The fact that there are now in effect for the 1954 crop restrictions on the acreage of wheat will naturally result in an increase in the acreage of oats, barley, and rye. Thus, the problem of a downward price trend for these commodities is certain to continue unless prompt and appropriate action is taken. Such action is possible, pursuant to section 22 of the Agricultural Adjustment Act, as amended.

It is realized that you did recommend to the President the institution of appropriate

action looking toward an import quota on oats and that after a public hearing action is now awaited from the United States Tariff Commission.

Similar action is needed at once in the case of barley and rye, and it is hoped that you will institute action in the case of these two commodities, and that early action by the Commission in the case of oats can be obtained.

According to the Department of Agriculture's agricultural prices released on August 28, on August 15 the average price being received by farmers for barley was 81 percent of parity; on rye, 68 percent of parity; and on oats, 81 percent of parity. In this case, parity is the new or modernized parity, which is approximately 20 percent lower than old parity for these commodities.

The average price received by farmers on August 15, according to the same report, was $1.10 per bushel for barley; $1.15 per bushel for rye; and $0.717 per bushel for oats. For producers in many surplus-producing areas, including my State of North Dakota, the actual price to farmers was below the national average.

These prices were below the price supports being offered by the Commodity Credit Corporation. In the absence of import quotas the farmer is forced to use price supports, while the demand for his gain is met by imports in part.

Data from your Department's Grain Market News and Technical Report for September 18 shows an alarming increase in the imports since July 1, 1953, especially of rye and barley.

This report, on page 6, shows that from July 1, 1953, through September 10, 1953, we imported 2,326,000 bushels of rye compared with 579,000 bushels for about the same period last year.

We imported 7,924,000 bushels of barley from July 1, 1953, through September 10, 1953, compared with 1,951,000 bushels from July 1, 1952, through September 11, 1952.

In the case of oats, we apparently are embarked upon a course of imports which will once more mean a new record or near record of around 70 million to 75 million bushels for the year. From July 1 through September 10, 1953, we had imported 13,130,000 bushels of oats, and I am reliably informed by grain men, noting the trend of events, that the rate of oats imports will tend to increase in the months ahead.

You are, of course, familiar with the fact that the tariffs on these commodities have been so reduced by trade agreements as to serve as no significant limiting factor on imports. The tariff on rye, which was 15 cents under the 1930 Tariff Act, has been reduced to 6 cents, the tariff on oats from 16 cents down to 4 cents, and the tariff on barley from 20 cents to 7½ cents.

It is interesting to note in that connection that the tariff on beer is $3.875 per barrel, and that about 1 bushel of barley is required in the manufacture of a barrel of beer.

These tariffs are more than offset by lower transportation costs in Canada, where there has been no increase in freight rates since before 1940, while we have had numerous increases in those rates here. For instance, from Northgate, N. Dak., the freight cost to the head of the lakes, Duluth-Superior, is 15.14 cents per bushel, while from Northgate, Saskatchewan, just across the street from Northgate, N. Dak., the freight to the Canadian head of the lakes, Fort William-Port Arthur, is 6.08 cents per 32-pound bushel.

Thus, with a tariff on oats of 4 cents per bushel, Canada has available at the head of the lakes an advantage of more than 5 cents.

Lake shipping rates from the Canadian and United States head of the lakes to such points in the United States as Chicago and Buffalo are virtually the same.

Added to this advantage are substantially lower production costs in Canada.

We have appropriated limitations on the imports of cereal wheat, cotton, flaxseed, and a number of other commodities. Just why the producers of oats, barley, and rye should be discriminated against is difficult to understand.

These producers were greatly impressed by the statement made by President Eisenhower, when he was a candidate for office, in his September 6, 1952, speech at Kasson, Minn. You may recall this statement from that address:

"As provided in the Republican platform, the nonperishable crops so important to the diversified farmer—crops such as oats, barley, rye, and soybeans—should be given the same protection as available to the major cash crops."

Doubtless he had in mind their treatment both from the standpoint of price supports and protection against the destruction of their prices by an undue flood of imports.

Section 22 has been enacted and reenacted by Congress, on a number of occasions, and thoroughly discussed and debated. Many Members of Congress from the farm States are greatly disappointed in the failure to employ this congressional authority in the administration of farm-commodity programs. It is very difficult to explain to a producer barley, rye, oats, and a number of other commodities why action is not taken by the administration pursuant to the spirit and intent of section 22.

In recent visits to my home State and to nearby States, farmers have repeatedly called my attention to this situation. They are aware that our price supports are most valuable but that, unless supplemented with import quotas, these supports serve as a magnet to attract in imports with the result that more of their commodity goes under price support than would otherwise be true, at a far greater cost to the Treasury than would be necessary.

It is very unpleasant for them to see their markets lost. In the case of barley, there is a particularly important consideration. It is this—that, while barley-support prices are based on the feed value of barley, many farmers seek to produce a quality barley aimed at obtaining premiums for their commodity from maltsters. These premiums have fallen sharply, and Canadian barley has preempted to a very large extent the premium market.

It is very difficult for farmers in the Central Northwest to make sales of barley, rye, or oats east of Chicago. The eastern market, which the western farmers long supplied with feed grains, has almost completely disappeared.

It seems to me that very prompt relief could be supplied because shipments from Canada are apparently increasing and, if action is not taken soon, it will be another case of locking the barn after the horse is stolen.

In recent days, in my capacity as chairman of the Committee on the Judiciary, acting on a large number of complaints, I have conducted hearings in which I have obtained a great many facts from subordinates in your Department and in testimony from persons familiar with the situation. In view of the testimony given to our committee, it may be necessary to inquire whether the situations described above have arisen in violation of 15 United States Code 72.

There are steps which, of course, we can take in Congress to deal with this situation, but it is obvious that section 22 provides an adequate approach, if it is utilized, and that this situation requires prompt administrative action and cannot await the reconvening of Congress, now scheduled for January.

It is both a challenge and an opportunity for you to serve American agriculture.

Sincerely,

WILLIAM LANGER, *Chairman.*

DEPARTMENT OF AGRICULTURE,
Washington, D. C., October 9, 1953.

Hon. WILLIAM LANGER,
United States Senate.

DEAR SENATOR LANGER: This is in reply to your letter of September 25 indicating that the producers are disturbed by the downward course of prices of oats, rye, and barley, due, in their opinion, to the increasing imports from Canada, and recommending that section 22 action be initiated to control imports of barley and rye in a manner similar to that underway for oats. The representatives of our Production and Marketing Administration who discussed the question of rye imports with you on September 24 also have informed me of your desire that the Department undertake an investigation on rye and barley pursuant to section 22 of the Agricultural Adjustment Act, as amended.

You will be interested to know that such an investigation already is underway in this Department. As a matter of fact, for some time we have been reviewing the entire question of feed-grain imports from Canada and their impact upon our price-support programs.

The purpose of our investigation is to determine whether there are sufficient grounds for us to advise the President that there is need for the Tariff Commission to make an appropriate investigation under section 22. Under the provisions of section 22, the Secretary of Agriculture is required to advise the President whenever the Secretary has reason to believe that a commodity such as barley or rye is being or practically certain to be imported into the United States under such conditions and in such quantities as to render ineffective or materially interfere with any price support or other program for the commodity concerned.

As we have stated on many occasions, section 22 provides a satisfactory approach whenever imports come in under such conditions and in such quantities as to interfere with our price-support programs.

Every effort is being made to expedite the Department's investigation of barley and rye under section 22.

Sincerely yours,

E. T. BENSON,
Secretary.

The CHAIRMAN. You may proceed.

Mr. COLLINS. We have with us today Mr. Howard Gordon, Administrator of the Commodity Stabilization Services, accompanied by Mr. Tom Walker, Grain Branch, Department of Agriculture; Mr. Murray Thompson, Office of Price Production and Marketing Administration; Mr. Ray Suppes, Grain Branch; Mr. Douglas Bagnell, Director of Compliance, CEA, Department of Agriculture; and Mr. Delos James, appearing for the National Grange.

The CHAIRMAN. I also have a letter here from the Farm Bureau. Will you just file that? That will be made a part of the record.

(The letter referred to follows:)

THE NORTH DAKOTA FARM BUREAU,
Fargo, N. Dak., November 25, 1953.

Hon. WILLIAM LANGER,
United States Senate,
Washington, D. C.

DEAR SENATOR: Mr. Donnelly has referred your letter of November 10 to me for attention.

Mr. Donnelly was compelled to leave for another meeting immediately following our annual meeting and due to another REA meeting in Florida later on will make it impossible for him to attend your hearing at Washington on November 30.

The reason for the delay is that he thought for a while that perhaps he could make it.

He asked however that for your information we should enclose a statement that was made by a group of farmers on June 26, which definitely requested that more con-

sideration and quicker action was needed in determining the large importation especially of oats, rye, and barley which directly affect us in North Dakota.

Sincerely,

G. J. STAFNE,
Secretary.

WHAT THEY SAID

(A summary of opinion collected at 60 public meetings for farmers in North Dakota, June 6–26, 1953. Opinions herein do not necessarily represent policies of the North Dakota Farm Bureau but serve as step one in the policy development program of the Bureau, 1953–54)

SOME CONCLUSIONS DRAWN AT FINAL MEETING, CARRINGTON, N. DAK., JUNE 26, 1953, BY DELEGATES FROM EACH OF THE 60 PUBLIC MEETINGS

1. Continue experimental Federal crop insurance program with adequate but not profit coverage.

2. Study feasibility of creating commercial wheat areas by classification.

3. Increase 1954 wheat acreage to 66 million but not increase permissible carry-over. Retain traditional history bases.

4. Liberalize farm storage programs, get more information on them to the public.

5. Restrict ACP payments to permanent type practices.

6. Leave use of diverted acres up to managerial discretion of farmer.

7. Study the two-price system for wheat and provide information to counties.

8. Approve signing of reciprocal trade agreements, but give USDA authority immediately to enact section 22 in case of disrupting imports of agricultural commodities. The Secretary should have the right to set up embargoes on price supported commodities whenever the price goes below parity, and explain his position later to the Tariff Commission and the President; and further, when imports are permitted, the Secretary should so regulate them as to make for an orderly marketing process.

9. Continue as amended the Agriculture Act of 1949, with six basic crops set at 90 percent of parity, until something better is found.

SUMMARY OF 60 MEETINGS

1. Are the present agricultural imports detrimental to American farmers; and if not, should the Reciprocal Trade Agreement system be continued?

In analysis of the meetings there was near unanimous agreement that some form of mutual trade between nations has to exist—that nations have to import in order to export. In only 1 or 2 summaries was there complete rejection of the concept of trade in agricultural commodities, with a trend to thinking that production "only for the American market" be maintained. Usually this opinion was accompanied with the thought that United States industry enjoys more favorable positions in the tariff picture and that no agricultural concessions be made until "substantial industrial tariff reductions are accomplished."

There was general agreement that the quantity of foreign agricultural commodities shipped in was not as important as to the timing—the "when" of the shipment. There was feeling that the delicate United States market, sensitive to changes, has been disrupted even with a small import quantity.

One exception to the above statement was the case of rye. We are admitting too much rye, according to some.

The following recommendations were made in many meetings:

(a) Approve signing of Reciprocal Trade Agreements, but give USDA authority immediately to enact section 22 in case of disrupting imports of agricultural commodities. The Secretary should have the right to set up embargoes and explain his position later to the Tariff Commission and the President. (b) Set up quotas for the importing nations at the beginning of the year, or crop year. In most cases it was felt this could be done. Then set monthly quotas, to permit orderly arrival on the United States market of the foreign commodity. It was felt that this method would permit introduction of grain in present amounts to the United States commodity market without any disruption whatsoever.

Minority report: In several meetings the following recommendation was made: Where a price support program is in effect on an American product, imports of that product should be immediately suspended, with the embargo remaining in effect as long as that commodity is being supported through a Government program.

In meetings where the subject was considered, there was condemnation of the situation which permitted gain marked "Unfit for human consumption" to get into the United States market channels and to be sold, either with or without blending.

2. Do you favor the same level of price support for all commodities? If not, what crops should receive higher levels of support?

In discussions, there was general agreement that all grain crops grown in North Dakota should get an "equal weight" in any program set up. There was, however, less agreement on what that weight or level should be.

There was agreement that full parity of income for the American farmer compared with the rest of the economy was the ultimate goal of all and this led in some meetings to an analysis of parity as a fair yardstick for the United States farmer today. Some questioning of the validity of parity as a fair yardstick was heard. Some farmers pointed out that certain commodities (carrots were mentioned in one meeting) could be produced profitably at much less than 100 percent of parity, and that higher supports would lead quickly to overproduction.

It was generally agreed in several meetings that the production of wheat required a high price guaranty and this resulted in recommendation that research be made on increasing efficiency of processing and distribution of agricultural products. One meeting recommended: "We urge a comprehensive study of our agricultural marketing system as soon as possible."

One meeting was specific on the subject of designating crops to be given higher levels of supports, including spring wheat, rye, oats, corn, flax, and barley.

Summaries of the meetings revealed considerable opinion in favor of the present support levels, to be maintained "until something better is found and proven to our satisfaction." This approval included the division of storable and nonstorable crops as well as the present support level of each commodity. The use of section 32 funds to purchase perishables from time to time in the periods of market glut and to dispose of those through welfare, school-lunch programs, etc., was approved and there was general feeling that this method was working.

At one meeting, the following recommendation was proposed: "That full parity (100-percent parity price) be offered for any commodity under a production-control program, including allotments or quotas or both." It was indicated that this 100-percent support was not to be the ceiling, but in case where the market demand pushed the price higher, the farmer would be allowed to benefit.

Several meetings registered their disfavor of variable supports as follows:

1. It is too late. Too many farmers are now producing wheat and will continue to produce it.

2. In any contest to move wheat acreages out of production through the price method, producers in the northern United States will lose to southern producers who move to market first and who have higher per-acre production.

3. There does not seem to be any possibility of getting the integration necessary to make variable supports function. Variable or flexible supports appear to have a chance of working only if the entire agricultural economy is operating under them, with price and cost ratios interrelated. Furthermore, the urban economy must be related to reflect similar flexibility. There does not seem to be any such elasticity in the American economy today.

There was agreement that increases in wheat production have not occurred in North Dakota, or in the spring and durum areas, and that North Dakota's wheat product has never deserved the name "surplus." In most cases the grain has been sold and used at some time in the crop year. A fair division of the national acreages should then be made, based on the traditional production of North Dakota, on the quality and marketing demand.

There was concern that the acreage allotments take consideration of this fact and agreement that wheat is being produced for the loan and not for use. Some damage is being done to certain areas, it was suggested, by this unnatural shift, such as fruitgrowers shifting to wheat as a result of the high supports. Reference was made to Michigan and Ohio in one meeting.

Minority report: In some meetings there was strong support of a 100 percent of parity price support by the Government on all commodities being produced in America. One meeting limited the full 100-percent parity support to milling wheats, oats, barley, flax, and rye. In discussion, the 100-percent support was also extended to livestock. Support for this approach was encouraged by the following statements:

1. Such a program would have to be accompanied by close marketing controls, but such curbs would not be serious for farmers, but in the American tradition of "fairness to all." The controls would serve to limit the larger producers and give the smaller producer better opportunity.

2. Where the 100-percent level of support "across the board" prevailed, the farmer will adhere to his traditional and normal operation and not be forced to shift to unnatural operation in order to get a good income. There will be farming operation in the best tradition of the area and with the best conservation approach to the soil.

3. Surplus in many commodities, instead of in a relative few, will be prevented by the production controls indicated above.

In at least one meeting the following suggestion was made: Set up a program of flexible supports, with no production controls, but with the support ranging between 90 percent and 110 percent of parity. The general amount of permissible backlog of commodities on hand should be raised to accommodate the increased production resulting from the support levels.

One meeting also recommended that feed crops should not be given a lesser weight in any support program developed by the Government.

3. To what extent will you accept production controls in order to get a satisfactory price support level?

There was almost unanimous agreement in the meeting summaries that farmers will vote "aye" on the referendum to establish quotas in 1954.

Farmers generally regard these as "a last resort" and showed no enthusiasm for the control program in their comments. But it was agreed that the situation seemed to call for "last resort" action (see question 9). This

action should not be delayed any longer, due to the effect of the visible surplus on the United States market.

In at least one meeting it was expressed that farmers will accept controls firm enough to cut supplies to the point where parity will be maintained in the marketplace, through demand.

The majority of the meetings seemed to favor reduction of acreages in 2 years rather than in 1 year, by limiting the 1954 cut to 15 percent of the present acreage or 66 million acres. Concern was expressed about making sure that foreign imports of wheat do not flood the United States market in the face of United States reductions, next year. In at least one meeting it was predicted flatly that Canadian wheat imports will increase heavily with ways found to avoid quotas at the border.

There was mixed opinion on limiting those who will come under the quotas, by raising minimum requirements to 25 acres or 400 bushels. Some felt that it was true that the small producer would vote the program out in order to avoid redtape. Others felt the small producer would not even vote, due to the lack of interest. Still others felt that releasing about two-thirds of the Nation's wheat growers from the quota would free enough to risk continued overproduction of wheat.

One recommendation for approval of the control program said it was "inevitable due to a failure of farmers and USDA to work on the marketing and world export problems, which are positive approaches to the matter."

Only a very few producers questioned the length of time that controls will be applied or pointed out that voting the quotas out would be increasingly difficult from year to year. There was mixed opinion on the matter of how production controls will affect the smaller producer, compared to the large. Some said the larger producer will be able to take the restrictions more easily than the small. Some said the controls will benefit the smaller family-type farmer more than the larger by (1) permitting better conservation practices. The smaller producer will not have to strain his operation and overplant in order to compensate for lowering supports; (2) giving the smaller producer less cuts, particularly if size, operating efficiency, and soil are considered.

In general, there was plenty of indication that North Dakota wheat men will vote in any referendum for controls, with the alternative being unthinkable at the present time, and with present conditions. The level of the wheat market and the fluctuations during the period of the public hearings contributed in great measure to this.

Acceptance of controls was predicated on several things, including the method of establishing the allotments. (See question 4, below.)

4. What can we do to simplify the control machinery if it is needed? Here are a few suggestions that have been proposed:

(a) Allotments on a percentage of tillable acreage basis, adjusting the base to geographical areas and to average yields.

(b) Bushel allotments rather than acreage allotments.

(c) Retention of allotment, not based on actual planting from year to year, but assigned to the farm on a more or less permanent basis.

(A) Tillable acreage basis: There was general apprehension among audiences concerning the way in which the controls will be applied.

In meetings held in the eastern part of the State there was strong support of this method, as against a straight historical bases method, or even a combination of bases and tillable acreages method. The feeling was that the historical bases method would cause many inequities.

Opinion was expressed that if the 1953 history had been removed from calculations and announcement made, there would have been less scare planting of wheat. Additions to wheat acres were made in 1953 after carryovers and forecasts were announced. The exact amount was not estimated by producers, but all agree such planting had been made.

In western meetings choice between acres and histories was about 50–50. Opinion of those against the former was as follows: (1) Land would have to be classified to make tillable acres work; (2) the method is more advantageous to diversified farmers; (3) the method forces wheat plantings.

Also in western meetings support for bushelage allotments was about 75 percent in favor. Reasons were one of simplification, ever-normal granary, absence of controls, etc.

At least one meeting recommended that a family-sized farm, 480 acres or less, be eliminated from the allotment and quota system.

Another recommendation was that graduated allotments be effected, so that each farm would be allowed 100 acres which would be exempt. The next 100 acres would be cut 15 to 20 percent. Anything over 400 acres would be cut 50 percent.

Another recommendation was as follows: "For the State of North Dakota 25 percent of the tillable acres on any farm should be allotted for the production of wheat. We look with disfavor on the method of wheat acreage allotment on a percentage basis (compared with past wheat acreages). This could mean poor farming practice on many farms. In addition to allotments, farmers would also have marketing quotas, the latter to be based on home consumption and foreign markets."

"All additional wheat raised above the quotas will be stored in the farmer's name, either in farm storage or public warehouse, and at no time can he seed more than his marketing quota in any one year."

The above-suggested program is meant to be accompanied by a 90 percent of parity support on wheat. For any other grain supported under the 1952 CCC loan and purchase agreement, support will be set at not less than 90 percent with no acreage allotments or marketing quotas.

In addition to the above 25-percent limitation on wheat, an additional 25 percent of the tillable acres will be taken out of production and used in soil-building practices under a farm-rotation plan, with the conservation worked out by the local PMA committees.

(B) Bushel allotments: There was considerable interest in bushel allotments as opposed to acreage allotments and controls. Some familiarity with the method was indicated through the Canadian system. Reasons included the freedom from controls, ability to store or feed, and simplification of the administration.

Those in opposition to bushelage controls called them "a long way down the control road" and pointed out they penalize a good farmer and are curtailment of the present efficient systems of farm production. The method results in the sale of allotments rather than the sale of land in the real-estate exchanges.

A leveling off of production and marketing would follow, they claim, with no incentive to develop good farming methods and increase efficiency.

(C) Allotments retained, without required plantings: At many meetings, there was interest in how planting requirements might be eliminated so that a producer would not have to continue to plant certain acreages to maintain the allotment. If a farmer could protect his allotment without planting he would have greater freedom and be more willing to practice good conservation methods.

Minority report: Some producers regard controls as unacceptable, hard to get rid of, and damaging to the farmer. It gets increasingly difficult to vote against controls, they claim, because the alternatives get increasingly unthinkable as the controls continue. It was pointed out that production curbs are negative approaches to the problems of world markets and distribution and provide propaganda for the Communists who are appealing to the hungry of the world with promises of food.

Controls spread like a disease, they point out, and controls on grains are followed by more controls on other farm commodities. Reference was also made to the Canadian method as an example of tough controls, and it was pointed out that the simplicity of the bushelage method made it easy for the Government to tighten the control at will.

"Canada is the graveyard of old machines, unpainted buildings, and full bins," it was said by one producer. The value of wheat in Canada as loan collateral has diminished steadily, it was said, and despite the control in effect by the Crown, Canada has a carryover of 250 million bushels this year.

"We are interested in income," some farmers said, and to reduce the bushels by controls cuts the income more rapidly than a reduction in price. A 100-percent parity of income is further from accomplishment under the control route, it was said.

As an example, if flexible supports had prevailed the current price would have been 80 percent of parity, which on 1,000 bushels would have netted about $2,000. With a reduction of 20 percent on 1,000 bushels, income would be $240 less for the year. This would be only a 20-acre cut at a 10-bushel average. Added expense on this acreage would be small, if you have the machinery and operate yourself.

This departure away from parity of income under a control system is even greater for the North Dakota farmer than for other parts of the Nation, because of the tradition of wheat growing in this State, it is pointed out.

Controls for durum: In areas of high production of amber durum, attention centered on the future of durum under the control program.

Considerable dismay was registered at announcements from Washington that a special program was going to be set up for durum or that durum would be taken out of the control program.

Such a method would result in disaster for the durum industry, it was felt, since there would be heavy durum plantings all over the Nation as controls were placed on other varieties.

Alternatives recommended by producers included:

(1) Take durum out of the allotment program, in order to meet demand, but drop supports to 50 percent of parity.

(2) Give durum a special program for 1954 but limit marketing cards to those who have a durum history during the past 3 years.

(3) Give durum a special program for 1954 but make a geographical area or areas in which the program is effective. This in effect would be a commercial durum area.

(4) Leave durum in the acreage allotment and quota program, but there should be no acreage cuts next year. Assignments of allotments should be based on the 3-year history now collected by PMA.

(5) Leave durum in the program and reductions will be made by producers in the hard wheats they plant. In the durum triangle producers have about 75 percent durum, 25 percent other wheats. In other fringe areas of the triangle, percentage is about 50–50, leaving room for cutting.

5. Should a commercial wheat area be established similar to the commercial corn zone or is it too late?

There was considerable interest in the idea of commercial wheat zone or zones but also doubt that it could be installed over what is sure to be heavy opposition from other parts of the Nation.

As long as other areas have built up heavy wheat histories and some work done on improving quality and building markets, it was felt that a commercial hard wheat area would be very difficult to establish. However, the idea has a great deal of merit and intrigues North Dakota producers.

One suggestion: Wheat should be classified and different prices be allowed for different classes rather than by grades. Another: A milling wheat area, based on quality.

6. Would you approve a two-price system for wheat, keeping the wheat used domestically for humans at about parity and the export at the world price?

A summary of the reports indicates that the two-price system is regarded by North Dakota wheat producers as the No. 1 alternative to the control program, particularly for wheat.

Questions, pro and con, raised by producers included:

(a) Will a loan system at parity level also be maintained with the program?

(b) What methods will be used to insure purchase by millers of the parity-price domestic wheat?

(c) Won't the program fail unless the parity-level support is given only to family-sized units?

(d) Under a two-price method a graduated scale for producers should be set up: 40 acres on the first 160, 30 on the second 160, and so on.

(e) Under such a program, farmers themselves should take the lead in locating foreign markets, stimulating sales, and otherwise moving wheat to market, foreign and domestic.

(f) Will a two-price system work without bushel or acreage allotments?

(g) If many two-price programs have the feature of farmer financing, how will these collections be made?

Means of holding onto some of the world market, that some meetings requested that a plan be prepared and presented to counties before annual meeting time.

In most cases the International Wheat Agreement was recognized as a type of two-price system and identified as such. It was questioned how a two-price program would function in relation with IWA.

Minority report: Most meetings were attended by at least 1 producer who felt that the 2-price program would work unfavorably for the wheat man. He questioned the establishment of a Government pool and felt that the percentage of domestic to foreign wheat could change unfavorably to the farmer. Also that the assumption of near parity for domestic wheat was perhaps optimistic. It was felt that the two-price could soon become a multiple price, with many different prices and that the cutrate price to overseas markets could result in giveaway, dumping, and waste. "We are giving away not our wheat, but our soil conservation and fertility when we engage in such a program," one producer said.

7. In the event there is curtailment of the wheat acreage allotment, how should the diverted acres be handled?

There was agreement at most meetings that problems in other crops will arise, once wheat acreages are taken out of production. Some wheat producers will also find it easier to shift to other crops than producers in certain parts of the Nation.

Generally speaking, farmers want to retain managerial decision over the diverted acres. It was felt that if USDA recommended cover crops, soil-building programs, etc., farmers would in the main comply. Western meetings favored USDA control, as a rule.

It was admitted that diverted lists prepared by USDA, listing crops to which farmers could not switch, might follow any control program. But producers wish to retain control of any acres taken out of production.

A grass program, with the Government paying a set sum per acre on an annual basis was discussed at some meetings. It was felt that any annual payment representing a higher-than-normal interest return would result in the introduction of heavy capital investments in farm real estate from nonagricultural sources, including insurance firms, industrial trust funds, etc.

One suggestion was made as follows: Diverted land should be seeded to grass with an adequate payment but this seeded grassland should not be used to increase livestock. The payment should cover taxes and interest on the investment. As an example, a man having a 50-head herd could use his diverted acres to build up his pasture reserve, but could not increase his herd number beyond a normal increase.

Generally speaking, there was a trend to the idea of putting marginal land back into grass, but agreement that the word "marginal" has changed in meaning. Acres should be left out of production, if the purposes of the controls are to be accomplished. The control program can hurt North Dakotans more than certain other wheat States, it was claimed.

8. Would this group approve a Government program to put the idea of quality into the wheat loans and purchases, so that the amount of the loan was based on the quality for human use of the wheat?

The quality of wheat was very appealing to most producers attending these meetings. It was felt that quality was the missing ingredient in the support program of the Government and that if it could be introduced it would benefit everyone.

Reference was made at some meetings to a recent statement by Dean Walster, NDAC, calling for farmers to insist on the quality feature, similar to the tobacco programs. "Farmers must stand up on their hind legs and demand this feature," Walster was quoted.

A classification of wheat for human consumption will help in taking the dogbiscuit element out of the wheat program and restore many acres to their traditional uses, it was felt.

NDAC has for many years, stressed quality approach to Dakota production. This has been done by recommending quality varieties, stressing quality rather than quantity, and carrying this approach into flour milling and baking. This approach is not now paying off for the North Dakota farmer.

In addition, there have been events which have destroyed the quality reputation of the Dakota farmers' wheat. These include blending and other processing and handling methods which have distorted the high level of the original product.

In general, there was fair agreement on this question. In at least one meeting, however, a producer pointed out that in a year of low production, a quality measurement of Dakota wheat could result in lower payments to farmers.

9. Should we delay the allotments and quotas for another year by increasing the amount we can carry over as reserve without having quotas called?

In general there was a feeling that any attempt to delay the production control would be merely delaying the inevitable. This opinion was sharpened during the series of hearings, as the June 10 crop forecast was received and as USDA made more definite announcements of the referendum.

There was agreement that surplus, in whatever position are price depressing, and that with or without Government support, big surpluses depress the market. Moreover, the storage problem must be considered, too. The bill to increase the carryover by 100 percent was questioned as being adequate to even then avoid the peril point where quotas would have to be called.

Minority report: Several of the meetings brought about the following approach to the surplus problem:

There really is no surplus. The world has hungry people and no surplus exists where there are hungry people. The problem is one of distribution. We should give the surplus away as best we can, limiting the gifts to the free world if possible.

Our legal surpluses are woefully inadequate and antiquated. The world is in such turmoil that our visible backlogs should be at least twice the legal size. Such surpluses would be a deterrent to any aggressor.

One producer claimed that the surplus announcements were part of a plan to drive down the wheat price and that the quotas would never be applied. He felt that the quotas if announced, would never be enforced by USDA.

At the same meeting, there was an informal opinion that the quotas would never hold up legally and could be successfully challenged in the courts, and probably would be challenged.

10. Do you favor ACP payments for anything other than permanent practices?

There was general agreement through the meeting series that the payments for annual practices (mostly summer fallow) were bad, useless, foolish, humiliating, waste of money, etc. Very little in favor of the annual payments was heard.

This firm opinion was bolstered by a feeling that the money being spent for annual practices could better be used for research, including rusts, diseases, insects, marketing, processing, and storage.

Also, funds could be used for more permanent practices, such as drainage, shelterbelt, conservation to grass on marginal land and for research in irrigation, etc.

Recommendations included the following:

(a) Stripcropping the first time should be considered a permanent practice.

(b) A permanent practice that fails should be paid for a second time. (Such as grassing a runoff.)

Farmers said they will summer fallow at the right time without the four-bits.

Minority report.—At least three meetings, the ACP payments, of whatever type, were defended, either as necessary to soil conservation or as additional subsidies which are badly needed by farmers caught in the squeeze.

The opinion was expressed that farmers will not summer fallow at the right time or in the right manner without the incentive payment.

Other opinions expressed by the minority groups:

(a) If the payments are limited to permanent practices, some counties cannot qualify for many of them and so will lose the allotment to some other county or State.

(b) Any ACP program should give the new farmer or the veteran the same break that farmers have received during the past 10 years. The education feature of the annual practices should be made available to the new farmer.

(c) The diverted acre problem calls for more ACP payments, rather than less.

In at least one county resentment was expressed against the control exercised by the State PMA committee over expenditures by the county committee of ACP funds. The following recommendation was approved: *Resolved*, That this county committee be given free control of the county ACP fund, with power to distribute it as the county

committee sees fit. (Passed unanimously.) It was also pointed out that the local committees would have a say.

11. Do you favor or oppose a Federal sales tax?

Wherever there was time to discuss this question, rural opinion was heavily against a sales tax. In isolated cases the sales-tax method was favored but it was also added that farmers should not be taxed on their tools—referring to machinery or vehicles or any other tool with which farmers produce.

12. Do you approve of the present crop-insurance program of the Government or do you have suggestions for changes and improvements?

Generally, there was opinion throughout the meetings that the experimentation in the program should continue and further studies made. It was also agreed that there are a lot of loopholes that need to be adjusted.

Interest was shown in the multiple contract as being tested in certain Dakota counties. Where the multiple contract is in effect applications are numerous and satisfaction greater.

Opinions included:

"We favor higher protection with higher premium."

"Program is good in principle but poor in practice."

"Program causes some carelessness in farming. Program should be more flexible where better farmers get benefit. Good practice should result in lower premium after 4 and not 7 years."

"Contracts should be based on each quarter section. Eliminate the 10 percent no-harvest penalty."

"The name of the program is misleading and causes urban people to regard it as another subsidy program. Name should indicate that farmers pay premiums."

"Program should be based on 100 percent of average crop, should cover all crops. Separate contracts for each 160 acres."

"Premiums should be based on individual rather than on neighborhood or regional schedules."

Other subjects discussed at the meeting included: Farm Bureau plan for bartering surpluses to friendly nations through mutual aid, the storage problem and difficulty of securing any Government bins; gift of wheat to Pakistan; the Government plan to provide insurance protection for exporters who are dealing with foreign customers and whose stocks are in danger of expropriation, etc.

IMPORTATIONS OF RYE AND BARLEY

STATEMENTS OF HOWARD GORDON, ADMINISTRATOR, COMMODITY STABILIZATION SERVICE; TOM WALKER, GRAIN BRANCH, DEPARTMENT OF AGRICULTURE; MURRAY THOMPSON, OFFICE OF PRICE PRODUCTION AND MARKETING ADMINISTRATION, DEPARTMENT OF AGRICULTURE; RAY SUPPES, GRAIN BRANCH, DEPARTMENT OF AGRICULTURE; DOUGLAS BAGNELL, DIRECTOR OF COMPLIANCE, COMMODITY EXCHANGE AUTHORITY, DEPARTMENT OF AGRICULTURE; AND DELOS JAMES, THE NATIONAL GRANGE

Mr. COLLINS. You gentlemen will recall that we held hearings here on September 23 and 24, to secure some information as to what is the effect of these unusually large Canadian imports of rye which have been flooding the American market, and from what we understand, depressing the price of rye and consequently reducing the return to the domestic producers.

I wonder if Mr. Gordon and his assistants could bring us up to date with figures since our last hearing under date of September 24.

In that connection, I wonder if Mr. Gordon could give us any information from the investigation which is presently being conducted pursuant to Secretary Benson's direction that these importations of Canadian rye have affected our present price-support program.

Mr. GORDON. Mr. Chairman, from the standpoint of figures, I would like to have some of the staff here give you those. The investigation which was made with respect to the effect of Canadian imports of rye has been completed. A docket has been prepared and acted upon by the Board of Directors of the Commodity Credit Corporation. It is now ready for transmission to the President, according to the procedure which is provided for under section 22. It probably will reach the President some time next week.

That is the situation as it now stands.

Now with respect to the actual figures, I think you would prefer to get those from the men who made them up.

Mr. WALKER. Mr. Suppes, why don't you pick up and carry on.

Mr. SUPPES. We have prepared a little fact sheet here, Senator, that gives a high spot picture. We can look at those facts and figures and see if you want to go deeper.

Here are a bunch of statistical tables that will answer almost any question that might arise pertaining to production, prices, and so forth.

Mr. COLLINS. Could we start off this way, Mr. Suppes: At our last hearing, we have for the record the amount of rye that has been imported for the crop years up to 1952–53. Could you start and take July 1, 1953, and give us the amount of rye that has been brought in since July 1 up to the closest date, to today, so that we will have some basis for comparison?

Mr. SUPPES. If you will look at the bottom of the sheet, you will see July 1 to November 18, the latest data, 5.4 million bushels have come into the United States as actual imports and cleared customs. In addition to that, some 3.6 million bushels has moved into the country but not yet cleared customs and we call it afloat or in bond. So that is a total of 9 million bushels that has moved in 4½ months.

Mr. COLLINS. So that as of November 19 there has been brought in, since July 1, 9 million bushels of Canadian rye?

Mr. SUPPES. It would be more accurate to say that 5.4 has been brought in, but an additional 3.6 has moved across the lakes and is in a position to move through customs. It is conceivable that some of that might be reexported and not be United States imports, but it is not likely.

Mr. COLLINS. It is in bond. Does that mean that if it is outside of Chicago this morning and in bond, it could be dumped on the Chicago market tomorrow morning?

Mr. SUPPES. Yes; it could move through customs at any time, or it could go back to Canada, or it could go abroad, to Europe or some place. But it is likely to stay in the United States. It might be in bond for 3 to 6 months before it becomes an import.

Mr. COLLINS. Isn't it natural to expect that if they put it in bond and bring it to Chicago or Buffalo, that it is going to be dumped on the American market?

Mr. SUPPES. Eventually. Just before the lakes freeze, there is a big rush to get the maximum movement across the lake. This type of thing happens every year, where we have a big bulge in imports in November and December.

Mr. COLLINS. I understand that just last week there were roughly 2 million bushels brought in. Would that 2 million bushels that came in last week be a part of the 3.6 million bushels that is in bond and afloat?

Mr. SUPPES. That is based on Canadian reports and we have no way of knowing exactly how much of that 2 million shows up in our figures here, how much has been picked up as in bond figures. I would guess maybe half of that 2 million is in our figures and maybe half of it is in addition to our figures. We have no way of knowing.

Mr. COLLINS. According to your chart here, there is 9 million bushels that either has been brought in already or is in a position to be brought in, as compared with the same period——

Mr. SUPPES. A year ago, 1.3.

Mr. COLLINS. Roughly, 9 to 1.

Mr. SUPPES And I mean up to the same time. During the entire previous year, 1952–53, 5.7 millions were imported.

Mr. COLLINS. So this appears to be the largest year on record as far as Canadian imports are concerned, speaking of rye?

Mr. SUPPES. I believe that is true.

Mr. COLLINS. What effect will this have on the price-support program?

Mr. SUPPES. Well, it undoubtedly will have a depressing effect on prices. These imports are more than half of our entire production for 1953.

Mr. COLLINS. Have you made any computations or have you tried to project this figure up to the end of the year?

Mr. SUPPES. Well, we have done some rough projecting for our own purposes, in setting up the CCC budget and so forth. Nothing official or nothing for publication. We are surprised at the size of the imports. They are bigger than we thought they would be. If they keep on at this rate, it will be unprecedented, of course, and astonishing.

Mr. COLLINS. Well, it is unprecedented now, this tremendous increase over other years.

The CHAIRMAN. I believe you testified at the last meeting that a certain amount was brought in from January to July. Do you happen to recollect how much that was?

Mr. SUPPES. Well, our year is a crop year, Senator. We practically never think in terms other than that.

The CHAIRMAN. I remember that, but do you have any recollection of what you brought in?

Mr. SUPPES. No; but I would guess it is around 3 million bushels.

The CHAIRMAN. That is my recollection. We have the figures here somewhere.

Mr. SUPPES. This set of mimeographed tables I gave you will probably show that. It is on table 9.

Mr. THOMPSON. It is a little over 3 million bushels.

Mr. SUPPES. It starts in with 471,000, and the biggest month was April, 1.5 million. About 4 million.

The CHAIRMAN. Could we have your personal opinion as to how much more you think will be brought in by January?

Mr. SUPPES. Well, no, sir; I don't think my personal opinion would be worth much.

The CHAIRMAN. It would be purely a guess?

Mr. SUPPES. Yes.

Mr. GORDON. Do you mean by January 1 or July 1?

The CHAIRMAN. January 1.

Mr. SUPPES. Do you mean between now and January? That is just a month and a third or so.

Mr. COLLINS. Isn't it reasonable to believe that these imports will continue up until the time that the lakes actually freeze over? As long as the water is open they can still bring in this rye. If 2 million bushels came in last week, isn't it reasonable to assume that that much might come in this week?

Mr. SUPPES. I don't know that we can assume that. The lakes will freeze any time now. Maybe early in December they will freeze. The ships wouldn't hazard another round trip, probably, from now on.

Mr. GORDON. I know the Canadians don't expect a movement after the 1st of December.

Mr. COLLINS. Would you have any figures available or have you made any study, in view of the unprecedented amount of rye that has been brought in, as to how it will affect our price-support program? Do you have any information or have you made any study as to how much will go under loan this year?

Mr. SUPPES. This little fact sheet shows how much already has gone under loan.

Mr. COLLINS. What table is that?

Mr. SUPPES. This fact sheet, this typed thing. It is item 3. You will note that 2.4 million bushels as of October 1 or 13.7 percent of our crop, already has moved under loan, and they have until January 31, the farmers do, to avail themselves of their price-support privileges. That is about 20 times as much as moved under loan during the same period last year, which was insignificant last year. The CCC has had very little price-support activity for several years.

Mr. COLLINS. And these figures, of course, will be subject to change or variation up until the final amount of rye has been brought in?

Mr. SUPPES. Up until January 31.

Mr. COLLINS. That is, once the lake has been closed.

Mr. THOMPSON. I believe the record should show that we imported 9 million bushels in 1949–50. We have been talking about it as though this was by far larger than any other imports. It may be when the year is over.

Mr. SUPPES. You have the same table on the bottom of the mimeographs.

Mr. THOMPSON. Twenty years ago we imported 12 million, but of course that was in the 1930's, when we needed it.

Mr. WALKER. That is for the entire year.

Mr. THOMPSON. That is right. I just wanted the record to show that.

Mr. COLLINS. But you will agree that this is a large importation?

Mr. THOMPSON. Yes.

Mr. COLLINS. And there has been a consequent effect upon our price-support program and the domestic price that the farmer is going to get for his rye.

Mr. SUPPES. There is no doubt about it in our minds. You might take a hurried glance at the graph at the bottom of the mimeographed group. Do you see those three lines at the top? They show the price. One is the Minneapolis terminal price, the middle one is the national average, and the bottom one is the North Dakota price, by months, for the last 2 years. And for the first couple of months of this year, too.

The horizontal lines, about the middle of the page, are the equivalent price-support levels. The bottom graph shows imports. You can see the relationship over at the right side of the graph, where imports have gone up and price has gone down.

Mr. COLLINS. Would you translate this graph into figures so we will have that in the record, Mr. Suppes?

Mr. SUPPES. We have a table that shows the figures which I have already given you. I think that is called Rye, United States price-support program and price analysis.

I believe this statement has not been brought up to date, though, to include the current year's activities.

Mr. COLLINS. Where is that, Mr. Suppes?

Mr. SUPPES. In my group it is the third one from the top. That is the whole history of price-support operations, and it gives the national average price received by farmers, the price-support level, and the amount of activity in price-support operations. However, that doesn't carry you right up into the present year of today, because we are still in a state of flux as to the amount that farmers will place under price support. We haven't shown 1953–54 prices in this table yet, but we did show them in the graph.

Mr. COLLINS. The present price support is $1.43?

Mr. SUPPES. That is right. And you can see that the national average price pushed down through the price-support level in May, and is continuing on downward. It has flattened out and risen a little bit in the last few weeks. That does not show on this graph.

Mr. COLLINS. What is the cash price, the latest, in relation to today's support rate, at Chicago?

Mr. SUPPES. Minneapolis, of course, is your principal terminal market. $1.64 is the support price for No. 2 rye or better.

Mr. WALKER. That is the support rate.

Mr. SUPPES. Yes; the support rate, and $1.57 is what we would call the effective support rate, whereas the price on November 19 was $1.19 to $1.25, or about 40 cents below support.

Mr. COLLINS. That is as of November 19?

Mr. SUPPES. Yes.

Mr. COLLINS. Do you have a comparable figure for November 19 a year ago?

Mr. SUPPES. Yes; I believe so. It is $1.96 to $1.99, up pretty close to $2. So it has dropped from about $2 to about $1.20.

Mr. COLLINS. About 80 cents?

Mr. SUPPES. Yes.

Mr. COLLINS. From these figures it is reasonable to assume, then, that if the present cash price of rye continues at approximately $1.19 to $1.20, farmers are going to put most of their production under loan?

Mr. SUPPES. At least that part which will move to market, which will leave the farm, will tend to gravitate under the price-support program and ultimately in Government hands.

Mr. COLLINS. From that, then, there is no doubt but what these large importations have had a great effect on our price-support program?

Mr. SUPPES. We would say so.

Mr. COLLINS. Have you given for the record the total amount of rye that has been placed under loan compared with the corresponding period of last year?

Mr. SUPPES. Yes; I mentioned that a few minutes ago. It is item 3 in this fact sheet, 2.4 million bushels as of the middle of October. It will be about 2 weeks from now before we will know the amount placed under support as of the middle of November. There is quite a lag in these figures. That is about 20 times as much as of the same date a year ago.

Mr. GORDON. Of course, there wasn't any need for it a year ago.

Mr. SUPPES. No; prices were very handsome a year ago, up around a hundred percent of parity.

The CHAIRMAN. What about the acreage this year as compared to last year?

Mr. SUPPES. Acreage? It is roughly the same with 1,375,000 harvested in 1953 compared to 1,385,000 the year before.

The CHAIRMAN. And have you any figures anywhere showing how much is planted this year for next year?

Mr. WALKER. No; they are not available. They won't be available until the December crop report.

The CHAIRMAN. Do you know if it will be much larger?

Mr. SUPPES. Yes; that is because of the diversions under the allotment programs.

The CHAIRMAN. Would you not say that in some of the States it doubled? Have you any information at all on it?

Mr. SUPPES. No; I wouldn't think it would go quite that strong. Would you, Tom?

Mr. WALKER. I doubt it. However, there is room for a lot of expansion in the acreage of rye, due to the wheat acreage allotments program in South Dakota and North Dakota, and we are expecting a considerable increase in the rye acreage especially in those States. This December crop report that we are talking about, which will show an indication or intention to plant, will include all rye that is seeded, and in a large part of the country rye is seeded for cover crops and for winter pasture and is not seeded with the intent of harvesting. That report itself will not indicate the amount for harvest as grain. But we can expect that the total acreage for harvest as grain could go up a third or 50 percent.

The CHAIRMAN. I just came from North and South Dakota and Minnesota, and I noticed much more rye this year than last year.

Mr. WALKER. They are seeded for grain.

Mr. SUPPES. They normally harvest as grain about half the rye that is planted in the United States. In late years they planted about 3½ million acres and harvested about half of it as grain.

The CHAIRMAN. You may proceed.

Mr. COLLINS. Does Canada have any program of governmental acreage or crop control similar to ours?

Mr. SUPPES. Well, not similar to ours. Mr. Gastineau—this is Robert Gastineau. Can you give them a picture of the Canadian system of supporting the price and marketing of rye?

Mr. GASTINEAU. The Canadian system in the case of rye does not involve any restrictions or controls on either acreage or price. The only restriction there is is on the delivery quota for rye, which is established at the beginning of each season by the Canadian Wheat Board. That is a little different than their programs on wheat, oats, and barley. Rye is marketed through their regular commercial channels and it is outside of the administration of the Canadian Wheat Board except that it is included in the initial delivery quota that is established by the Board for deliveries from farmers.

Mr. COLLINS. Along that line, does Canada have any minimum or maximum quota as far as exporting rye, for instance, or is it a free market?

Mr. GASTINEAU. No; there is no minimum or maximum quota.

Mr. COLLINS. I think maybe Mr. Walker or Mr. Suppes can answer this question. The last 2 or 3 years it appears that our domestic production of rye, oats, and barley has been on the decrease, and correspondingly I understand that the Canadian production of these 3 grains has been on the increase. If that is so, and with these unusually large importations into the United States, does it follow that Canada is moving into our market and displacing our domestic producers?

Mr. WALKER. Both acreage and production of rye has been on the decline for several years in the United States, with last year being a continuation of that decline with still less acreage than the preceding year, whereas in Canada the acreage and production has been on the upgrade. In fact, the total supplies of rye in Canada for this marketing year is estimated now at about 45,700,000 bushels. That is a record high; 29.3 of that is production and 16.4 is the carryover, and that 16.4—probably Bob can check me on this—is also a record for carryovers in Canada.

Mr. SUPPES. There is a slight correction. Canadians came out the other day with a new crop report. The rye crop went down from 29.3 to 28.2, and the supplies went down from 45.7 to 44.6.

Mr. COLLINS. Still the largest on record, though?

Mr. SUPPES. Yes.

Mr. WALKER. Domestically Canada uses about 7 million bushels of rye annually, which would leave the difference between his 44.6 and about 7 million that is available in Canada for carryover and export.

Mr. COLLINS. About 33 million bushels in round numbers.

Mr. WALKER. It would be higher than that. It is about 38 million, if my arithmetic is correct. It is 7 from 44.6. It would be just a little less than 38 million bushels available for carryover or export. If you would assume that Canada would, say, maintain that carryover of 16.4, which is enormously large for Canada, then you would have the difference or about 22 million that is available for export, and that compares with actual exports last year of 9.2—that is total, now, to all destinations—and the highest during the war, or just the postwar years, of

around 10 million bushels. So you would say that they have about double the amount available for export of the highest that they have been exporting since the war.

Mr. COLLINS. And our domestic production runs between 20 and 24 million, doesn't it?

Mr. WALKER. Our domestic production? This year it was only 17.5. The year before that it was about 20, wasn't it?

Mr. SUPPES. No; about 16 million bushels.

Mr. WALKER. Excuse me. Generally we think of rye production in this country as around 20 million bushels. Of course it used to be much higher, up around 45 to 50 million. But as we pointed out a moment ago on your questions, we have been on a decline in production and have gotten down to less than 20 million now.

Mr. COLLINS. Is there any relationship between these Canadian importations over the years and the decrease of rye produced by our American farmers?

Mr. SUPPES. No; I would say not.

Mr. COLLINS. How do you explain that?

Mr. SUPPES. Other causes, other than imports, have caused farmers to produce less rye. That has been going on for decades, 30 or 40 years. Rye has been going out of favor as a crop. The principal reason, in the last 15 or 20 years, is that wheat has been a more profitable and certain and safe crop for them, so they have turned to wheat.

Mr. COLLINS. If they reduce the acreage on wheat due to the allotments won't that force farmers in the West to shift their wheat to rye?

Mr. SUPPES. Yes.

Mr. COLLINS. And rye, as of those figures you gave a little while ago, is 80 cents a bushel under what it was a year ago. There doesn't appear to be much incentive for planting rye.

Mr. SUPPES. In desperation they will do it, though. Up on the north plains there are not many crops that they can turn to, but rye is one.

Mr. COLLINS. What is the normal domestic supply? What I am trying to get at is, do we raise enough rye for our own needs or are we dependent to some extent on these Canadian importations?

Mr. SUPPES. Frankly, for several years we have been dependent to some extent on imports. We have not produced enough to meet our own needs.

Mr. COLLINS. What would you say the needs are for this year?

Mr. SUPPES. 1953–54?

Mr. COLLINS. Yes.

Mr. SUPPES. Well, we are estimating that our domestic disappearance will probably be about 23 million bushels. That is in the light of the big imports, however. If it weren't for the big imports we would be feeding less, and using less industrially and so forth. Our exports will continue very small, probably less than a million. But for the sake of argument we can say 23 million might disappear in the United States this year. Well, we produced 17.5 million and we carried over last summer 6.3. So that is 23.8 that is our domestic supply.

As we have pointed out, some 9 or 10 million has already come in. If we will assume imports are 10, that means we have about 34 of supplies, then, for the current year, and as we said, we will use about 23 of that. That means, on that basis, that the carryover next summer will be up around 11 million. But that is very guessy. Of course imports may be higher. Your question was how much will we need or consume?

Mr. COLLINS. Yes. I was trying to relate that with Canada having roughly 44 million bushels over there, including their carryover, and our domestic need runs anywhere from 20 to 24 million. That excess rye that is imported, where does that go in this country? It appears to be over our needs.

Mr. SUPPES. Well, it will go into the hands of private grain men and speculators and indirectly to the Government, through the price-support program.

Mr. WALKER. No; Canadian rye will not go to the Government. It means that with those imports from Canada there will be more of our domestic rye that will go into price support and eventually into the hands of CCC, but Canadian rye imports will never go into the hands of the Government.

Mr. COLLINS. Doesn't it mean simply this, that we are getting this excess rye from Canada that is displacing our domestic rye and forcing our domestic producers to put their rye under loan?

Mr. SUPPES. That is right.

Mr. COLLINS. And it is because of that difference in the price, between the cash price and the support price?

Mr. SUPPES. Yes.

Mr. COLLINS. Would you have any way of arriving, in terms of cash figures, at what this is going to cost our Government?

Mr. SUPPES. No.

Mr. COLLINS. In effect, it is subsidizing the Canadian producers, isn't it, at the expense of our taxpayers?

Mr. SUPPES. Indirectly; yes.

Mr. WALKER. It is rather difficult to determine as of the present whether any losses may be sustained by CCC on the takeover of any rye from the 1953 crop that goes on price support. In the past CCC has been rather fortunate with rye. You have to visualize the situations that may develop in the future. If something should occur that would force prices of rye back up above the price-support level, then CCC could dispose of its rye without very much loss, if any.

Mr. COLLINS. It could go the other way, too.

Mr. WALKER. But if the prices remain as they are now, considerably below your price-support levels, and then the occasion arises that this rye owned by CCC as a result of the takeover from price-support operations were to have to be marketed because of going out of condition, for instance, then there would be a considerable loss sustained.

Mr. SUPPES. Or if the Government has to hold it several years, the storage would accumulate.

The CHAIRMAN. It would run into the loss of millions of dollars, won't it?

Mr. SUPPES. Several million. It could.

Mr. COLLINS. Do you have any information as to what our present storage facilities are, assuming that in the light of these Canadian imports there might be a rather large amount of rye going under loan? At the present time, does the Government have enough storage facilities to take care of this anticipated crop going under loan?

Mr. WALKER. If you think in terms of rye alone, yes, there is sufficient storage. There is much more than adequate facilities. But if the wheat supplies occupy that storage, then there might be a tightening of storage. But it would be the wheat that would be blocking the rye out of the storage, rather than the small amount of rye, because that is very small compared to wheat. Otherwise your storage facilities would be adequate.

Mr. SUPPES. You can say that the imports are aggravating the storage situation.

Mr. COLLINS. You gentlemen will agree, will you not, that in view of these importations there is a serious problem and possibly a serious effect upon our price-support program?

Mr. SUPPES. Yes, sir. We cannot help but agree to that.

Mr. COLLINS. Do you have any further comment, Mr. Gordon?

Mr. GORDON. No, I don't think so. Of course as has been brought out, the rye supplies among the grain crops is a very minor crop, from the standpoint of overall production and so forth, and when you compare it with our other crops, it doesn't present the problem that you have on wheat and oats.

Mr. COLLINS. How about oats and barley, is there a similar situation existing?

Mr. GORDON. Not on barley.

Mr. COLLINS. How about oats?

Mr. GORDON. Your barley situation is not nearly so bad as on rye. Of course, action has already been taken under section 22 on oats. But the rye does present a very clear-cut case for section 22 action, and we are proceeding in that direction.

The CHAIRMAN. Did you say it does not apply to barley?

Mr. GORDON. The conditions on barley don't compare at all with rye.

The CHAIRMAN. The present indication is that the barley situation is out of control, too.

Mr. SUPPES. It is not as clearcut under the provisions of section 22 as rye.

Mr. GORDON. As either oats or rye. We would be rather pressed to make a case on barley.

Mr. SUPPES. One of the reasons, Senator, is that the great majority of the imports of barley are the malting types, which bring premium prices, and malting barley is above price support in the country today, and the price-support program does not make provisions for premiums on malting types. So we are in a complex picture there on barley. It would be more difficult to make a clearcut case.

The CHAIRMAN. Are you watching the barley situation pretty carefully?

Mr. SUPPES. We are indeed.

Mr. GORDON. We are, very closely.

Mr. COLLINS. Could we shift now to another phase of this, Mr. Chairman? We have Mr. Douglas Bagnell of the Commodities Exchange Authority, the Director of Compliance. Mr. Bagnell appeared before our committee on September 23, and at the conclusion of that hearing he advised us that he was going to make a further investigation into the activities existing on the Chicago Board of Trade as far as trading in rye. I wonder if you could more or less bring us up to date, Mr. Bagnell, having in mind the investigation that you have made since our last hearing and if there is information that you can give the committee at this time.

Mr. BAGNELL. Yes, sir.

I might say first we have 1 week's figures on rye shipped from Canada, I think subsequent to those that Mr. Suppes just had, through November 25. Apparently last week, about 2,200,000 cleared Canada for the United States, and as Mr. Suppes points out, there are 2 sets of figures, 1 covering the stuff as it leaves Canada and 1 as it gets into the United States. We have found that these last-minute shipments frequently come in and are held-in-bond, in winter storage, and winter sorage in boats, we found that particularly of oats in Chicago, and then unloaded next year.

According to our figures, roughly 11 million bushels has cleared Canada. How much has checked through customs I do not have. But I think Mr. Suppes pointed out about 5,400,000 has as of the 19th.

The latest comparison we have of Canadian futures prices, or Chicago futures prices, was as of last Friday. The prices on the Chicago Board of Trade are running about 12 to 14 cents a bushel above the Winnipeg Grain Exchange. The December futures, for example, is about $1.18 in Chicago, and $1.06 in Winnipeg. There is about 12 cents premium on the Chicago futures there.

Mr. COLLINS. Can you explain, if you will pardon the interruption, how importers buying this Canadian grain at Winnipeg and bringing it into the Chicago market and selling it on the board of trade, with the price spread between Winnipeg and Chicago. Aren't they bringing this rye in at a loss?

Mr. BAGNELL. Well, a 12 to 14 cent spread which is what exists now is a pretty close margin. We figure it costs about that to bring the rye in, when you figure the freight,

duty, handling charges and so forth. We figure Winnipeg would have to be about roughly 13 to 14 cents under Chicago to bring any profit. There is a little bit of guessing in that, in that some of the rye that comes into Chicago is sold at a premium, some of it can be mixed up a bit and make plump rye, which would bring a 2½-cent premium, and some of it might even bring higher premiums than that, under special circumstances.

So it is hard to say definitely exactly what the price relationship has to be. But certainly during the larger part of this summer, the situation has been such that I don't see how it could have been imported profitably just on the face of it.

Of course there is another angle to that. If the importer happens to be short, and the Chicago futures market goes down as a result of these imports, he can cover his short position at a profit which may more than compensate for the loss in the actual importations. We had a situation in oats which was gone into in considerable detail, where we are contending that that was done. Oats were imported in 1951-52 year under circumstances that we said show a loss. But the importer had a very large short position in the Chicago futures market, and our contention—this is just in the process of litigation now, we haven't proven anything—our contention is that that was done for the purpose of bringing about a price relationship that would show a speculative profit.

Mr. COLLINS. Could the same thing be happening in rye?

Mr. BAGNELL. It could. One impact of this thing is the delivery of rye on the futures contracts on the Chicago Board of Trade. That has perhaps a most direct effect on futures prices when heavy deliveries are made, particularly when there is a glut of the commodity already. We find that so far this year there has been about 10⅓ million bushels of rye delivered on futures in Chicago, and we still have December to go. December is usually the heavy delivery month and if it holds true again this year there will be perhaps a total of 13 or 14 million bushels delivered, which is roughly double the deliveries for 1951 and 1952, for each of those years.

In other words, we feel that the importations and delivery of this rye on the market has a present effect on the futures price and unquestionably the cash price is hinged to some extent to the futures price.

Mr. COLLINS. Doesn't it seem a little unusual where this rye is imported from Canada, brought from Winnipeg by rail or by boat to Chicago, and disposed of on the Chicago exchange at a loss?

That is a little unusual for these importers to bring this in and expect to sell that at a loss.

Mr. BAGNELL. Well, I don't know. I would say it is entirely unprecedented. As I say, we have the same situation in oats. It is a thing that needs an answer. There is no doubt about that.

Mr. COLLINS. And it needs some investigation.

Mr. BAGNELL. Well, we have concentrated our activities on the oats situation mainly because we felt it was more acute last year and our facilities were pretty well stretched out covering that. We have a hearing beginning on that the day after tomorrow here in Washington.

Mr. COLLINS. Is that in connection with section 6 (b)?

Mr. BAGNELL. Of the Commodity Exchange Act, yes sir; section 6 (b).

Mr. COLLINS. On the oats situation that you went into, have you found that your CEA has enough statutory authority to properly survey and police the commodities exchange market? You have had this experience in oats now. Do you feel that your agency has enough authority to put a stop to this condition existing or that you apparently found, of manipulation?

Mr. BAGNELL. Well, we do not have anything of a cease-and-desist order under which we can step in and make anybody stop, summarily. Our procedure has to be this, we have to file a complaint against the individual, charging him with manipulation, or exceeding the speculation limit, or whatever we say he is doing. Then that is subject to a hearing under the Administrative Procedure Act, and the hearing usually is considerably delayed, for various reasons, like any legal procedure. After the hearing, if we have established our case, the Secretary issues an order denying this party further use of the futures markets for some specific period of time. That order is appealable to the Circuit Court of Appeals. So it may readily be 1, 2, or 3 years—in fact, 1 year would be very quick. It may run into 3 or 4 years before our order becomes effective.

Senator YOUNG brought up that question some months ago with us in connection with this oats matter, and asked us what should be done. We didn't have any very ready answer for it. If we are given the power to seek an injunction in Federal court, that might expedite the matter. Senator YOUNG introduced a bill, I believe it is S. 1990, which would give us power to go into court and seek an injunction. The Department has recommended it favorably. That bill would also give us subpena power under which we can bring suspected manipulators in under oath and examine them. That is also included.

I don't know any way, though, that we could ever expect to get power to step in and cure these things overnight, because I don't think the Department would want, and I don't believe Congress would want to give us, power to take away millions of dollars, perhaps in property rights without a hearing. So we have to look toward the long-term objective of putting people out of the market who do this sort of thing, and endeavoring to demonstrate that it is unprofitable enough so that too many people will not try to do it.

Mr. COLLINS. Mr. Chairman——

The CHAIRMAN. Does not the other laws apply?

Mr. BAGNELL. That would be under the antitrust section, Senator. I think there is legislation now pending on that, too.

The CHAIRMAN. That would be up to the Attorney General?

Mr. BAGNELL. Yes.

The CHAIRMAN. You do not know whether any proceedings are pending in that?

Mr. BAGNELL. No, sir. I might mention, though, that we have asked the Attorney General to institute proceedings in this oats case, in addition to the Administrative Procedure Act proceedings, and that is now being considered.

The CHAIRMAN. Do you know of any criminal proceedings at all during the last 20 years?

Mr. BAGNELL. Yes, sir. We got judgments against egg manipulators under the antitrust law, a few months ago. It is pending in Chicago.

The CHAIRMAN. How long ago was that?

Mr. BAGNELL. We got that indictment in January, I believe. It is still on the docket.

The CHAIRMAN. Has it been tried during the last year?

Mr. BAGNELL. No, sir.

The CHAIRMAN. That is the only case you can give us during the last 20 years, this egg case?

Mr. BAGNELL. It is the only one I know of offhand; yes, sir.

The CHAIRMAN. Do you know of anybody at all during the last 20 years who has been sent to jail for manipulating?

Mr. BAGNELL. No, sir.

The CHAIRMAN. The present statute doesn't seem to cover it, then?

Mr. BAGNELL. I am afraid there is a tendency to take a calculated risk, by some of them.

Mr. COLLINS. I wonder if you could tell us this: This rye that is coming in, do you know whether that is brought in by many individual importers or by 1 or 2 or 3 or a small number as against a lot of small importers? What is the situation regarding the importing of this rye?

Mr. BAGNELL. It is brought in by a few large operators.

The CHAIRMAN. How many, would you say?

Mr. BAGNELL. I would say that 90 percent of it was being covered by two importers.

The CHAIRMAN. Two?

Mr. BAGNELL. Yes, sir.

Mr. COLLINS. Senator, in connection with your question to Mr. Bagnell about whether there has been any violation of the antidumping provision of the Revenue Act of 1916, I would like to make a part of the record a letter from Warren Olney, Assistant Attorney General, Criminal Division, Department of Justice, to the Honorable WILLIAM LANGER, chairman of the Senate Judiciary Committee.

The CHAIRMAN. What is the date of the letter?

Mr. COLLINS. November 24, 1953. Would you like it read for the record?

The CHAIRMAN. Read it.

Mr. COLLINS (reading):

"Hon. WILLIAM LANGER,
"United States Senate,
"Washington, D. C.

"DEAR SENATOR: Your letter to the Attorney General dated November 13, 1953, with respect to the activities of Cargill, Inc., in the importation of grain from Canada has been referred to me. This letter is in reply to those matters which deal with violations of the Commodity Exchange Act.

"The case is based upon the report received from the Department of Agriculture, which is mentioned in your letter, together with such further implementing information which has been furnished this Department. The charges involve the exceeding of speculative limits, the filing of false or deceptive reports with the Commodity Exchange Authority, and the manipulation or attempted manipulation of the price of oat futures on the Chicago Board of Trade. From the standpoint of criminal prosecution the case presents legal problems, and as a practical matter is believed to depend upon whether there is sufficient evidence to establish manipulation.

"The case has recently been submitted to the United States attorney at St. Paul for his consideration and recommendation. Criminal prosecution will be instituted providing we determine that the evidence warrants such action.

"Your letter also refers to violations of the antidumping provisions of the Revenue Act of 1916, and to violations of the antitrust law. The inquiry with respect to these matters is receiving attention, and it is expected that you will receive a further reply shortly.

"Sincerely,
"WARREN OLNEY III,
"Assistant Attorney General."

The CHAIRMAN. Has the Attorney General been in close communication with you on these matters?

Mr. BAGNELL. Yes, sir; we are in close communication with him.

Mr. COLLINS. Under the CEA Act, Mr. Bagnell, I understand that your agency checks on the trading practices of traders on the commodity exchange in Chicago?

Mr. BAGNELL. Yes, sir.

Mr. COLLINS. Could you tell us what are the trading limits or speculative limits applying on the commodity exchange today?

Mr. BAGNELL. The speculative limits on rye is 500,000 bushels. That is the most that can

be held speculatively by any one person or firm. On the other grains, it is 2 million bushels.

Mr. COLLINS. That 500,000 bushels, as far as rye is concerned, is that any one transaction or for a stated period?

Mr. BAGNELL. Well, it is the total amount any one person may trade in on one business day or may hold in the form of open contracts at the end of the business day. In other words, if a person goes in and buys 500,000 bushels of December rye today, he has reached the trading limit today, and tonight he will be long 500,000 bushels of December rye which has reached the position limit, so he is through, speculatively.

Now, that limit does not apply to hedging transactions. For example, if a person has in his elevator 5 million bushels of actual rye, he may sell 5 million bushels of futures. That is a hedge, and the speculative limit does not apply. We have charged in this case that you mentioned there a moment ago that the respondents in this action sold on the Chicago Board of Trade under the guise of hedging when they actually did not own the oats on the other side of the market, that it was not a hedge. That is part of the essential part of this case.

Mr. COLLINS. Have you, as a part of this investigation since the last hearing, been following the transactions in rye on the Chicago Board of Trade, particularly with a view of determining whether various traders or importers are keeping within their speculative limits?

Mr. BAGNELL. We have.

Mr. COLLINS. Have there been any developments that you can give to the committee, or any findings?

Mr. BAGNELL. I would prefer not to do that.

Mr. COLLINS. I wouldn't want to press for any information along that line.

The CHAIRMAN. But you are watching it?

Mr. BAGNELL. Yes, sir.

Mr. COLLINS. I believe that is all the questions I have, Mr. Chairman.

The CHAIRMAN. I would like to ask you a question on that letter. You heard that letter read by Mr. Baker. Have you any comments to make on it?

Mr. GORDON. That deals with the overall matter of price-support legislation which, of course, is under discussion at the present time and which is being worked on by various committees and so forth. I don't think at this time we would have any comments.

The CHAIRMAN. Who in your department has charge of drawing up legislation that you want?

Mr. GORDON. That would be done in the Secretary's office.

The CHAIRMAN. Do you gentlemen have any suggestions to make on legislation that would help?

Mr. GORDON. No; I think not.

The CHAIRMAN. It would have to go through the Secretary?

Mr. GORDON. The Secretary is working through various advisory committees, and it finally comes to the National Agricultural Advisory Commission which is supposed to whip the material into shape. That is in process at the present time.

The CHAIRMAN. Mr. Collins, are you and your associates working in drafting some legislation, are you?

Mr. COLLINS. We haven't started yet, Senator. We wanted to get the background from the Department of Agriculture, these fellows here, too, on the needs for any information.

Mr. Bagnell, do you feel that the present CEA Act is sufficient for you to curb practices?

Mr. BAGNELL. Well, as I mentioned a minute ago, we believe Senator Young's bill will be a help to us. We have at various times introduced proposed legislation to amend the act. I would not be in a position to make any recommendations, of course.

Mr. COLLINS. Mr. Chairman, we also have Mr. Delos James from the National Grange. Do you have any statement, Mr. James, or would you care to make any comments on the testimony that the committee has received this morning?

Mr. JAMES. It appears to me that the situation has been pretty well covered. The important facts have been brought out. I think there is a remedy for this, if the remedy would be applied, or had been applied when it should have been. That is, long ago when these imports began to reach a rather dangerous point by causing a depressing effect on our market. I should hope that we weren't helpless that we didn't have any remedy to correct this problem after we have gone to the extent of trying to assist the American producer in obtaining a decent price.

In other words, what our support loans were intended to do was to avoid serious effects on the domestic producer by way of depressed prices.

Mr. COLLINS. By the remedy, do you mean section 22?

Mr. JAMES. Well, that hasn't been brought out, it seems to me, Mr. Collins. We do have a remedy, don't we, for this kind of a thing? The question in my mind, all along since the September hearings, and even before, not only with regard to rye but with regard to other products, walnuts, and filberts, and things like that, butter and cheese, laws that were passed, the legislation that was enacted, was enacted with a view of protecting these commodities that were threatened by imports that would interfere with our price-support program.

That is the National Grange's position. While we place great emphasis on the matter of foreign trade and the foreign market as an outlet for our surplus products, still the Grange also is committed in support of a program that protects our own market or our own commodities from destructive competition from abroad. So here is a case that is perfectly clear, it seems to me. It has been going on for quite some time, and I don't think it is the first year that it has happened. But the damage will have been done, all of this rye will have come in here, even before the lakes freeze over, and so far as this year's crop goes, if action was taken right now it wouldn't correct much, if any, of the damage that has been done.

The CHAIRMAN. We tried to stop it by having hearings in September.

Mr. JAMES. I want to commend you for taking the initiative, or taking action in September. It was a good move. This is a constructive move.

The CHAIRMAN. It seems to me that the Commodity Credit Corporation ought to have been on the job months ago. It certainly is their job to protect themselves against loss. They are going to have loss, I think, in millions of dollars on this rye situation.

Mr. JAMES. Senator, I don't think the Commodity Credit Corporation is entirely the one that is responsible, because in some other cases, as I recall, they have taken action, that is, they have made recommendations, but it has been held up farther along the line somewhere.

The CHAIRMAN. We are trying to find out where it is held up.

Mr. JAMES. That is good.

The CHAIRMAN. I appreciate that they have nearly a record amount of products at hand right now. It is over $4 million, as I understand it.

Mr. JAMES. We have the remedy. Why isn't that remedy applied? Where is the barrier? What is the thing that gets in the way and stops us?

The CHAIRMAN. These gentlemen ought to be able to tell us, and we are trying to find out.

Mr. JAMES. It is beyond their hands, I think. But still there is the long delay before any final decision is made. The damage is done. After the cow has kicked the bucket, what is the use of tying her?

The CHAIRMAN. Have you any specific recommendations for legislation?

Mr. JAMES. None other than what I have implied. Unless we use the tools we have to adjust a matter like this, and if that won't do, let's find out why and what new tool or device has to be designed to do it.

The CHAIRMAN. This committee wants to find out if we can who is to blame and why something hasn't been done. The problem is to fix the responsibility squarely on the person that is to blame. That is the purpose of the hearing.

Mr. JAMES. I wouldn't know just where to spot it, but maybe somebody does know.

The CHAIRMAN. Do you think somebody may know and won't tell?

Mr. JAMES. I guess they would tell if they are asked to tell, and if they knew exactly. Maybe it can't be spotted exactly. I am in the dark on that point, too.

The CHAIRMAN. What do you think is the reason why this thing wasn't taken care of?

Mr. BAGNELL. I am not exactly in the position to answer that. We are in the position of a policeman; we can't arrest a man if he is not speeding. We can't arrest him if he just looks like he is going to speed. After we arrest him, he has all the rights of appeal and I assure you we are very frustrated and have been for many years over the delay that we are faced with in trying to get these things to a conclusion. The average case we have takes well over 2 years, if it is of any consequence. If it is of any consequence it goes through the Supreme Court, and under the existing legislation a person can continue to do exactly what he was doing for that whole period of time.

So, frankly, I don't know what the answer is. As I stated, I don't believe Congress would ever tell the Secretary of Agriculture or the Administrator of the Commodity Exchange Act that he could go out and just tell a firm "You must quit today," with no hearing and no right of appeal. These markets move so fast that if they take advantage of all the delay that they can bring about, the thing is long since forgotten before the order is ultimately effective.

The CHAIRMAN. As I understand your testimony, then, the various delays are too long, too much time is given for appeal and that sort of thing, and time should be cut shorter.

Mr. BAGNELL. I don't know whether it should or not, Senator. There you are getting into the question of how summarily can you deprive a man of his rights.

The CHAIRMAN. You can give a man 10 days, 2 months, or 6 months.

Mr. BAGNELL. That is the sort of thing that we are groping for, some procedure under which we can give a man due process and still not have this interminable delay. That is what I think some of the others are interested in, that is, Senator Young, in his suggestion for an injunction procedure. Even that cannot be done overnight. You have to go into a court and persuade some judge to give you an injunction.

The CHAIRMAN. The District judge can give them 10 days. Would something like that help out here?

Mr. BAGNELL. It would be a lot shorter than what we have now.

Mr. JAMES. May I ask a question? That would be with regard to the trading on the exchange, wouldn't it?

Mr. BAGNELL. That would mean that the person against whom the action was taken could no longer use the facilities of the exchanges. I might say that all of these imports that are of any consequence do use the machinery of the exchanges, and I don't think could be done without the use of that machinery.

Mr. JAMES. But even if things were going along all right on the exchanges, these products could come in, that is, rye could still come in at the lower price, at a price below the loan, and still do the harm that is being done. So the remedy is beyond that part of the problem.

The CHAIRMAN. Not if you get a temporary restraint or an injunction proceeding.

Mr. JAMES. That would restrain only one trader.

The CHAIRMAN. He says two firms are bringing it in.

Mr. JAMES. If one was evading the law?

Mr. BAGNELL. We would have to demonstrate that the imports were for the purpose of manipulation.

Mr. JAMES. All?

Mr. BAGNELL. No; the imports being done by Joe Doaks.

Mr. JAMES. But six others could go ahead.

Mr. BAGNELL. This wouldn't stop any unless it was shown that they were manipulating.

The CHAIRMAN. We would stop if it was shown they were manipulating.

Mr. JAMES. Yes. But it seems to me that these commodities are coming in, and somebody is bringing them in, and they are depressing the price. Take the matter to the Tariff Commission for a study. The Tariff Commission makes a recommendation that a tariff should be imposed, or some duty. Then the Secretary of Agriculture has to make the recommendation to the President, doesn't he? Then what happens? The Tariff Commission has not studied this rye situation, have they?

Mr. SUPPES. The thing is in process. It is still within the Department.

Mr. JAMES. In the Tariff Commission?

Mr. SUPPES. In the Department of Agriculture.

Mr. JAMES. It passed the Tariff Commission?

Mr. WALKER. No. The procedure there is that the Secretary submits it to the President with a recommendation and the President in turn submits it to the Tariff Commission and the Tariff Commission moves it to hearing and then returns it to the President.

Mr. JAMES. The Tariff Commission has not acted yet?

Mr. WALKER. The rye docket has not reached the Tariff Commission.

Mr. SUPPES. It is in an interim stage.

The CHAIRMAN. We are in the same shape as in September.

What has happened since September?

Mr. SUPPES. We have developed a lot of facts and figures and the case has been written up.

The CHAIRMAN. But the rye has been coming in just the same during those months?

Mr. SUPPES. Yes. Shipments have been abnormally high.

Mr. COLLINS. I have no more questions, Senator.

The CHAIRMAN. Have either of you gentlemen any comments to make?

Mr. SUPPES. Well, I would like to say we have not sat still since last September. It takes several weeks to develop all the facts and figures, to find out where you are, and where you are going.

Mr. GORDON. And as I indicated, we are already past that, through the Board, and ready for submission to the Tariff Commission.

The CHAIRMAN. Well, I am certainly very grateful to you gentlemen for coming over this morning. Thank you very, very much. I hope we can proceed faster with this thing and hope to really get some action.

Mr. SUPPES. I think we all feel the same way about it.

The CHAIRMAN. Thank you for coming over.

(Tuesday, January 19, 1954)

The subcommittee met, pursuant to notice, at 10 a. m., in room 424, Senate Office Building, Senator William LANGER (chairman) presiding.

Present: Senators LANGER and DIRKSEN.

Also present: Thomas B. Collins, subcommittee counsel.

The CHAIRMAN. The meeting will come to order.

You may proceed, Mr. Collins.

Mr. COLLINS. Thank you. Senators, this is a hearing this morning called by our subcommittee to look into the importation of barley and its consequent effect upon the American market. We have as our first witness this morning Mr. Roy F. Hendrickson, executive secretary, National Federation of Grain Cooperatives.

The CHAIRMAN. Is Mr. Pierce Butler here from St. Paul?

STATEMENT OF ROY F. HENDRICKSON, EXECUTIVE SECRETARY, NATIONAL FEDERATION OF GRAIN COOPERATIVES

Mr. HENDRICKSON. No, sir; he could not be here this morning.

The CHAIRMAN. He wired me and said he was going to be here.

Mr. HENDRICKSON. Mr. Chairman, I have tried to bring my information together in a statement here, and I will run through it as briefly as possible.

The CHAIRMAN. It is understood that any one of these four gentlemen can interrupt you at any time, and Senator DIRKSEN can interrupt you, and ask you any questions they want. The hearing is very informal.

Mr. HENDRICKSON. Yes, sir.

United States producers of barley, particularly of the malting premium varieties produced in the Central Northwest, have largely lost their market to imports from Canada.

The import duty of 7½ cents a bushel is more than offset by lower railroad rates in Canada, which are approximately 39.5 percent of the United States freight rail rates.

Furthermore, Canadian prices of barley remain at levels somewhat under the United States support prices for barley. This may well be by design. The marketing of barley in Canada is a Government monopoly. The program is administered by the Canadian Wheat Board, which has, and exercises, the authority to limit or expand at will the quantities delivered from (a) farms to local elevators, (b) from local elevators to terminal points, and (c) the selling of barley in store at Port Arthur or Port William at Winnipeg either for cash or under future contracts. It has effective control of the supply offered to the market on any day, week, or month. This means it can influence the price effectively.

The result is that a larger and larger share of the United States domestic market for barley suitable for malting or pearling has been transferred to Canada, despite more than adequate supplies of barley of the required varieties and types in the United States. Canada simply prices its barley below the United States level and preempts the market.

The basic data relating to barley are outlined below so as to provide a comprehensive picture of the situation.

Senator DIRKSEN. May I ask at that point, does the Canadian Government subsidize the production of barley?

Mr. HENDRICKSON. So far as I know it is not a direct subsidy. There might be said to be a subsidy in this, that of the two railroad systems up there, the one is owned by the Government and the other has been heavily subsidized by the Government, so perhaps that railroad rate which is unusually low in relationship to ours might be said to reflect a subsidy.

Mr. GASTINEAU. For the Senator's information, from year to year, Canada does establish an initial payment to producers which is usually well below the market price at the beginning of the marketing season. To that extent they do guarantee a price.

Senator DIRKSEN. A floor that they set?

Mr. GASTINEAU. Yes.

Mr. HENDRICKSON. Production in 1953 and carryover. Production of barley in the United States in 1953 totaled 241 million bushels, about 7 percent more than the revised 1952 production estimate of 226 million bushels. Average increased, and the yield was high, the average per acre being 28.2 bushels, exceeded only once in 1915.

The carryover of old barley, as of July 1, last was estimated by the United States Department of Agriculture at 51 million bushels.

Production outlook for 1954: There is expected to be a substantial expansion of barley acreage planted in the spring of 1954, due in large part to the wheat acreage allotments.

The Crop Reporting Board estimated that fall rye plantings were increased by 22 percent over the previous year; it is very likely that the increase in barley acreage will be even larger because of the adaptability of barley production to large areas of land and the opportunity for spring planting in areas where fall planting is difficult by reason of climatic conditions.

The United States Department of Agriculture, on page 10 of The Feed Situation, released October 22, 1953, estimated the United States barley carryover as of next July 1 at 50 million bushels. Because of larger imports, the figure could well run higher. No barley shortage is in sight.

Imports of barley: From July 1, 1953, until December 30, there were imported from Canada 21,760,000 bushels of barley compared with 12,876,000 bushels for the same period in 1952.

It is estimated that more than 4 million bushels have been placed in Great Lakes vessels for winter storage, which will be delivered to the principal United States malting centers, Milwaukee and Chicago, when lake navigation reopens this spring.

Senator DIRKSEN. Is that storage barley already sold to the United States consumers?

Mr. HENDRICKSON. The belief is that even more than that has been sold.

Senator DIRKSEN. But it is in the hands of United States consumers?

Mr. HENDRICKSON. No. Many of those lake vessels tie up in the wintertime and serve as warehouses during that period. They do make forward sales, not necessarily identifying the particular carrier, but it is believed that the way this 4 million is located that it is destined to come in and that actual forward sales are even larger than that 4 million.

Although exact data are not available, it is commonly believed in the barley trade that very large sales of Canadian barley to the United States have been contracted and that the import movement will be extraordinarily high during April, May, and June, setting a new record for export to the United States of barley for manufacturing purposes. Imports of at least 35 million bushels to 40 million bushels by next July 1 are in prospect.

The high points in imports of barley from Canada to the United States occurred during the war years 1942, 1943, and 1944 when record large quantities were brought into this country by the Government in connection with the expanded livestock-production program during the war period. This was an abnormal situation, and not proper for comparison.

Since World War II, imports from Canada have steadily moved upward, being year by year as follows: 1945 marketing year, 5,647,000 bushels; 1946, 4,063,000 bushels; 1947, 973,000 bushels; 1948, 10,366,000 bushels; 1949, 15,321,000 bushels; 1950, 11,119,000

bushels; 1951, 11 million bushels; 1952, 25 million bushels.

United States support prices: For the 1953 crop, United States support prices were announced by the United States Department of Agriculture at 85 percent of transitional parity which, on the basis of Minneapolis, the principal domestic market for malting varieties of barley were: For No. 2 barley or better, $1.44; for No. 3 barley, $1.43; for No. 4 barley, $1.38; and for No. 5 barley, $1.34.

These prices are based on the feed value of barley related to the feed value of corn and oats and do not take account of the malting premiums which over a period of 10 years have averaged around 30 cents a bushel for the varieties and qualities which United States farmers, particularly in the Dakotas, Montana, Minnesota, and Wisconsin, have sought to produce to meet the needs of the malting industry.

For the 1954 crop Secretary Benson in October announced a support price of 85 percent of transitional parity. This rate will be approximately 9 cents a bushel less than last year as a result of transitional parity, a provision associated with the new parity formula by Congress. This provided, starting January 1, 1950, for a reduction of 5 percent in the effective parity price for barley each year as a gradual transition was made from the use of the old parity formula to the modernized parity formula in computing parity, and, consequently, support prices for barley.

Encouragement to producers: For some years past State and county extension workers have encouraged farmers in the States mentioned with their soil and climatic conditions to produce premium malting and pearling barley qualities to plant the varieties and types of barley to meet specifically the needs of the malting and other food-manufacturing industries in the United States.

A center of research, supported by the United States Department of Agriculture, a number of State experiment stations, and the malting industry, has been maintained at Madison, Wis.

Much of this effort by farmers have now come to nought by reason of the flow of Canadian barley to our domestic markets at prices below the United States support price, while United States premium barleys move in large volume into storage under price supports.

Barley placed under support prices: Up to December 15, 32,226,000 bushels of barley had been placed under the support program, an unusually high volume.

Senator DIRKSEN. Is that by purchase or loans?

Mr. HENDRICKSON. Purchase agreements and loans, the loans being the heaviest.

For North Dakota alone, the rate at which barley was placed under the support program up to December 15 was five times greater than last year.

Mr. COLLINS. Would you have any figures which would show that Canadian barley has displaced the American barley, and forced the American barley to go under loan?

Mr. HENDRICKSON. It is obvious that because the greater volume goes under loan, that is where the United States barley is going. At least one of the members, the Farmers Grain Terminal Association of St. Paul, has been a large servicing agent for barley for years, and talking to their chief specialist on barley, I was informed that the volume of sales he is making, and I suppose it is true of others in a similar position, he estimates to be only around 15 to 20 percent of what he calls a normal year. In other words, very little is moving through because they simply cannot find outlets at all, except for feed, and the farmer chooses to put it under support. He can put it under support until January 31, and while it is pretty hard to guess, doubtless this figure of 32 million bushels which went under support may be only one-half of what will go under support.

Senator DIRKSEN. You mentioned North Dakota. What is the situation in Minnesota and Wisconsin?

Mr. HENDRICKSON. My understanding is that in Minnesota the rate is substantially higher, but not quite as high as in North Dakota. Perhaps the Department people have figures on that. I do not know.

Senator DIRKSEN. Very well. We can add that later.

Mr. HENDRICKSON. Yes. Because support-price loans or purchase agreements can be obtained until the end of January, it is expected that the final figure will be very much larger; that, while the major markets for barley in this country are preempted by Canadian imports, CCC will prove to be the chief market for United States producers of malting grades of barley.

This is undesirable because of the cost to the Government and also because the purposes of the congressional price-support programs are in part defeated by making them serve as magnets for imports.

The use of section 22: There is available, as a result of congressional enactment, a procedure to meet this situation. This is incorporated in section 22 of the Agricultural Adjustment Act, as amended, considered at great length by Congress on several occasions.

Section 22 in effect provides that when it is believed that a commodity, such as barley in this case, is being imported and is practically certain to continue to be imported into the United States, and thereafter, under such conditions and in such quantities as to render or tend to render ineffective or materially interfere with the price-support operations undertaken by the United States Department of Agriculture with respect to that commodity or to reduce substantially the amount of products processed in the United States from the domestically produced commodity, an import quota can be placed in effect.

The procedure requires that, first of all, an investigation be made by the United States Department of Agriculture; that, if the danger from imports is found to exist, the Secretary of Agriculture is then authorized to advise the President of his belief; and that the President may then direct an investigation to be made by the United States Tariff Commission.

Senator DIRKSEN. There has to be a finding under section 22?

Mr. HENDRICKSON. That is right.

Senator DIRKSEN. Has such a finding ever been made?

Mr. HENDRICKSON. To my knowledge no such finding has been made unless something has been done by the Department. No recommendation from the Secretary of Agriculture to the President has been forthcoming thus far, to my knowledge.

Mr. SUPPES. That is correct.

Mr. HENDRICKSON. Such investigations have been made in the past for a number of commodities, including cereal wheat, cotton, and oats. One is now underway in connection with rye. The Tariff Commission then reports its findings and recommendations to the President.

This remedy seems particularly appropriate for the barley situation where the tariff has been reduced one half since 1930 to the present rate of 7½ cents a bushel and where the price-support program is now being forced to carry the burden of providing the principal outlet for producers of malting premium barley while the domestic needs are being increasingly met by imports from Canada under a system of marketing which is, in effect, a Government monopoly there. We do not dispute the right of Canada to organize its marketing system in any way it desires, but the consequences of the system on the United States market can no longer be ignored.

Senator DIRKSEN. You emphasize malting premium barley.

Mr. HENDRICKSON. Yes.

Senator DIRKSEN. Do your remarks address themselves also to feed barley?

Mr. HENDRICKSON. To a much lesser extent, because you have a somewhat different situation there. There are areas right out here in Virginia where I happen to operate a dairy. We produce barley, but not a malting type. We produce a variety strictly for feed. That is true, for instance, today in California, which for recent years has been the biggest barley-producing State, even running above North Dakota. But that is mostly feed variety. Interestingly there has been an outlet for export to Korea, where they used barley for human food.

Qualities and quantities are sufficient. The United States producer has many times in the past proven capable of meeting all or practically all of the domestic requirements for malting and pearling types of barley.

Indeed, there have been situations in the past where the Commodity Credit Corporation has acquired considerable quantities of barley at the feed price and later sold into the malting market at substantial premiums the barley required by the domestic malting industry, at a profit to the CCC.

It is not logical, however, to expect United States producers to ignore the price-support opportunity at the present time because Canada is offering, and has offered, premium barleys delivered Chicago and Milwaukee at prices which are below the support price for those points taking the higher United States freight costs into account.

That the United States barley is of a quality and quantity sufficient to meet the needs of malting barley is well demonstrated by one of the largest brewing companies, the Pabst Brewing Co., which makes most of its own malt and which follows a policy of buying its barley supplies from United States producers. This is a blue ribbon exception to the policy of most malsters. United States producers are profoundly appreciative.

This company is one of the few in the industry who apparently appreciate the fact that, while the tariff on barley is 7½ cents a bushel, and it taxes approximately one bushel of barley to make a barrel of beer, the tariff on beer is $3.875 per barrel.

Freight rate advantages: The present rail freight rate, under the rates established by the Interstate Commerce Commission, including a 12 percent emergency charge and the 3 percent Federal transportation tax, from Noyes, Minn., or Pembina, N. Dak., to Duluth or Superior is 38.07 cents per hundredweight compared to the freight rate from a corresponding station of the Canadian side (Emerson, Manitoba) of 15 cents to Port Arthur or Fort William.

Senator DIRKSEN. Does that 12 percent emergency charge always attach?

Mr. HENDRICKSON. As far as grain is concerned, we call it a surcharge. It is a temporary rate increase which is being continued in effect. It always applied to grain.

A study of rate comparisons in the United States indicates that to move grain, including barley, from various competing points the Canadian rate is approximately 39.5 percent of the United States rate. There is no doubt this reflects the fact that there have been no freight-rate increases in Canada since prior to 1940, while since that time there have been increases of approximately 75 percent so far as the grain transportation costs are concerned in the United States.

Thus, the Canadian shipper at Emerson, Manitoba, can move barley to Port Arthur or Fort William, transfer the cargo to lake vessels, pay the duty of 7½ cents on entry into the United States at Milwaukee or Chicago, and still have an advantage of a net return several cents above the United States producers.

Senator DIRKSEN. What would the figure be in cents? Your difference in the illustration is 23 cents on freight rates, and you have 7½ cents for your duty.

Mr. HENDRICKSON. I have worked this out in table 1, Senator.

Senator DIRKSEN. Then just go right on through with your statement.

Mr. HENDRICKSON. Table 1, which is attached to this statement, makes comparisons for a number of points in Canada with adjacent points in the United States. You will notice that the rail rate from Port Arthur to Fort William for a 48-pound bushel is 7.2 cents. The transfer charge to get it through into a boat is 3 cents. The lake freight is normally figured at about 9 cents from Port Arthur or Fort William to Milwaukee or Chicago. That adds up to 19.2 cents in freight. The duty is 7.5 cents. That brings the landed cost to 26.7 cents.

Now, Noyes, Minn., is right across the border and there is no advantage in going down to Duluth, Superior, and transferring for that short haul, and your rail rates are competitive with that. So all the rail from Noyes, Minn., to Milwaukee, is 29.62. We find that type of comparison. I have a great number of points carrying it down further.

Taking the last one on the page you have Morden, Manitoba, where it runs 19.2 cents in freight, 26.7 in all, and Walhalla, N. Dak., which is very famous as a center for unusually fine barley, the rate is 29.09. In other words, they pay the duty and still have an advantage.

Senator DIRKSEN. About 3 cents, is it not?

Mr. HENDRICKSON. That is right. Table 2 compares the rates for a number of points in the United States and Canada to the Lakehead in each county, and employing the rates on a 100-pound basis. That supports the evidence I have to the effect that the Canadian rate is approximately 39½ percent of the United States rate.

Comparative prices: There has been a sharp decline in the movement of malting and pearling barleys from United States producers to United States manufacturers for several years, directly reflecting the increase in imports from Canada. This movement has dropped off to a small trickle this year, with one member of this federation—the Farmers Union Grain Terminal Association, of St. Paul—which has in the past marketed large quantities of barley for its farmer patrons in the Dakotas, Montana, and Minnesota, finding very small outlets this year compared with any past year in its long history of serving the farmers.

The choice varieties, such as Montcalm and Kindred, produced as a result of encouragement of maltsters and of State and county extension workers by producers in the Central Northwest, are either going under price-support programs or being fed on the farms, while the same varieties are coming in from Canada to preempt the domestic market.

In the case of pearling barley used for the manufacture of soups and sirups, a variety which is grown in western North Dakota and eastern Montana—Compana—finds exactly the same resistance because of being underpriced by Canadian imported barley.

It is true that Canada has a large surplus of barley, not only at the great terminals of Port Arthur-Fort William but also backed up in the local elevators and on farms. This simply means that, unless some defense is erected, the quantities offered to the United States domestic market will increase, at an even lower price if that becomes necessary. Meanwhile, the United States producer will find more and more resistance to moving his premium barleys into consumption and must sacrifice malting barley by placing it under the price-support program at the feed value and losing forever the premium he should be entitled to.

Further, this Canadian price can be "rigged" by adjusting the rate at which the Canadian Wheat Board orders forward its barley. Its manifest interest, in view of the large surpluses of grain in Canada, is to find outlets, and quickly, by underbidding competition.

Its procedure of bringing forward to market step by step the barley at whatever speed it chooses to do so in effect determines the supply-and-demand situation, thus raising or lowering the price at will. It has the earmarks of a dumping operation so far as the movement into the United States is concerned.

If the remedial action pursuant to the authority established under section 22 is not taken in this instance, then we are compelled to urge that this committee undertake an investigation to determine to what extent this movement comes in conflict with United States laws intended to provide protection to our people from surplus dumping activities undertaken by other governments or individuals. It is, I believe, the appropriate committee to undertake such an investigation and to indicate any legislative remedy that may be appropriate.

The CHAIRMAN. Have you the letter on the rye investigation that the Attorney General wrote us on the antidumping provisions?

Mr. COLLINS. It is in the file, Senator; I will get it while we start with the next witness.

The CHAIRMAN. Very well. We will insert in the record at this point tables 1 and 2 mentioned by Mr. Hendrickson in his testimony and the letters referring to violations of the antitrust laws.

(The letters and tables are as follows:)

DECEMBER 21, 1953.

Hon. WILLIAM LANGER,
United States Senate,
Washington, D. C.

DEAR SENATOR LANGER: The Attorney General has requested me to reply to your letter to him of November 13, 1953, relating to Cargill, Inc., insofar as the antitrust laws are concerned.

The Antitrust Division has had this matter under consideration and has taken preliminary action for the purpose of determining whether or not there is justification for more formal proceedings. Two of our field offices have been giving attention to the subject.

Please be assured that, if our investigation indicates any probable violation of the antitrust laws, appropriate legal proceedings will be instituted.

Sincerely yours,

STANLEY N. BARNES,
Assistant Attorney General.

NOVEMBER 13, 1953.

Hon. HERBERT BROWNELL, Jr.,
Attorney General, Department of Justice, Washington, D. C.

MY DEAR MR. ATTORNEY GENERAL: Testimony received by the Senate Judiciary Committee, of which I am chairman, as well as numerous complaints transmitted to me by American farm groups, reveal a shocking disregard of the best interests of American agriculture by certain large importers of Canadian grains.

During the last 3 years large quantities of Canadian oats and rye were brought into the United States and sold in the Chicago market at actual losses to the importers and at prices substantially below the Canadian market value for such oats and rye when the costs of importation are added. These Canadian importations and sales at losses in American markets were part of a gigantic scheme to artificially depress Chicago futures prices and thus create for the importers huge and arbitrary profits on speculatively short futures positions maintained in the Chicago market.

These Canadian oats and rye were brought into Chicago when unneeded and unwanted at strategically sensitive market periods with the intent and purpose of creating the maximum market price effect. The lowering of Chicago oats futures and rye futures prices resulted in a lowering of prices received by the farmers for their oats and rye. Price pressure exerted on oats and rye served to weaken prices for other grains.

The American farmer has been substantially injured. Heavy Canadian importations have forced domestic prices far below parity and even below Government price-support levels. The Government itself, through the Commodity Credit Corporation, will undoubtedly suffer large losses. Testimony of Department of Agriculture officials indicate that much larger quantities of oats and rye are going under the Government loan this year as compared with the same period in 1952. At present prices farmers have no incentive to redeem their loans. Eventual losses on the large quantity of grain which the Government will thus acquire and add to its surplus stocks could be enormous.

We have been advised that these importations of Canadian oats and rye and sales below Canadian market value for the purpose of distorting and manipulating Chicago futures prices violate at least three Federal statutes:

1. The antidumping provisions of the Revenue Act of 1916 (15 U. S. C. sec. 72).
2. The antitrust laws.
3. The antimanipulation provisions of the Commodity Exchange Act (7 U. S. C., sec. 13).

The Department of Agriculture prepared a report entitled "Investigation of Importation of Oats From Canada, 1951–52," dated October 15, 1952. This report found that Cargill, Inc., the largest grain firm in the United States, had imported Canadian oats into Chicago, and sold such oats at a loss and had by such activity, manipulated Chicago oats futures prices downward. This report was filed with your Department of Justice with a request for appropriate legal action. A year has passed and no action has as yet been taken.

Here is a problem that requires the mustering of all administrative forces. By stopping illegal and manipulative Canadian importations, our agricultural price policy will be strengthened. The American farmer will be given protection from unconscionable market operators.

The question of foreign trade, as such, is not here involved. The importations of Canadian oats and rye in the past, and currently, are being brought into the United States at losses—and dumped in markets where surpluses exist—in order to accomplish arbitrary market-price influences. This cannot be considered a part of honest foreign trade.

May I respectfully request that you immediately instruct your Department of Justice to complete its investigations of this problem and, if the facts are as alleged, initiate criminal proceedings for violations of the Antidumping Act, Antitrust Act, and Commodity Exchange Act. This must be done at the earliest possible moment to aid our present farm-support program.

Will you please advise me of what action is being taken?

With best regards, I am,

Sincerely,

WILLIAM LANGER,
Chairman.

TABLE 1.—*Barley*

(This table compares the transportation and other costs, including import duty, of landing a bushel of barley at Milwaukee from selected Canadian points and from adjacent points in the United States which have all-rail transportation to the same consuming center, Milwaukee-Chicago. Rates are in cents per 48-pound bushel.)

	Rail to Port Arthur-Fort William	FOB BING Port Arthur-Fort William	Lake, Port Arthur-Fort William to Milwaukee, Wis.	Total rail and lake to Milwaukee, Wis.
Emerson, Manitoba	7.2	3	[1] 9	19.20
Duty				7.50
Total				26.70
Noyes, Minn., all rail to Milwaukee, Wis				29.62
Gretna, Manitoba	7.2	3	[1] 9	19.20
Duty				7.50
Total				26.70
Neche, N. Dak., all rail to Milwaukee, Wis				29.62
Northgate, Sask	9.12	3	[1] 9	21.12
Duty				7.50
Total				28.63

[1] Approximate.

TABLE 1.—*Barley*—Continued

	Rail to Port Arthur-Fort William	FOB BING Port Arthur-Fort William	Lake, Port Arthur-Fort William to Milwaukee, Wis.	Total rail and lake to Milwaukee, Wis.
Northgate, N. Dak., all rail to Milwaukee, Wis				34.06
North Portal, Sask	9.12	3	[1] 9	21.12
Duty				7.50
Total				28.62
Portal, N. Dak., all rail to Milwaukee, Wis				34.06
Lyleton, Manitoba	8.64	3	[1] 9	20.34
Duty				7.50
Total				27.84
Antler, N. Dak., all rail to Milwaukee, Wis				34.05
Morden, Manitoba	7.20	3	[1] 9	19.20
Duty				7.50
Total				26.70
Walhalla, N. Dak., all rail to Milwaukee, Wis				29.09

TABLE 2.—*Grain: Comparative rates via United States railway to Duluth-Superior on the 1 hand, and via Canadian railroads to Port Arthur-Fort William on the other hand, points of origin being separated only by international border*

To Duluth-Superior			To Port Arthur-Fort William		
Station on American side	Rate per hundredweight	Rate per hundredweight, including 12 percent emergency charge and 3 percent tax	Corresponding station on Canadian side	Rate per hundredweight; no emergency charge or tax	Canadian rate as a percent of United States rate
From—			From—		
Neyes, Minn.; Pembina, N. Dak.	33	38.07	Emerson, Manitoba	15	39.4
Neche, N. Dak	33	38.07	Gretna, Manitoba	15	39.4
Northgate, N. Dak	41	47.30	Northgate, Saskatchewan	19	39.5
Portal, N. Dak	41	47.30	North Portal, Saskatchewan.	19	39.5

The CHAIRMAN. Do you have any questions, Mr. Davis?

Mr. DAVIS. I do not have any questions right now. As far as the facts that are presented there, I think that is a pretty accurate statement, Mr. Hendrickson. I compliment you on it. We do not quarrel with the basic facts presented there.

Would you like for me to comment on this?

The CHAIRMAN. Yes, surely.

Mr. DAVIS. First, let me say that we are now, and have been for a number of months, in a period in respect to our agricultural production and marketing in which we are confronted more and more with a buyers' market and we are confronted in our support programs more and more with the question of imports at prices undermining our support program. Section 22 has been in the law for over 15 years, and since last January when we came into office there have been more cases referred to the Tariff Commission than there were in the total 15 years or more before.

The point I am making is that we are aware of this kind of a problem, and we have had this barley situation under study since last spring. We have had a number of meetings on it.

With respect to section 22, really you come down to one point which is your test as to whether you can apply section 22, and that is this: Is there or is there not interference or threat of interference with the effectiveness of the support program? That is the only issue that really is involved in the application of section 22. We have decided that there was interference in the case of oats. We decided that a number of months ago in a hearing and recommended a hearing before the Tariff Commission, and the Tariff Commission recommended that action be taken.

Action was taken, as you know, with respect to Canada first by agreement, and then later it was extended to other areas of the world. It was a rather complicated picture.

Senator DIRKSEN. That was the imposition of a quota on oats?

Mr. DAVIS. On the rest of the countries other than Canada.

Senator DIRKSEN. Yes.

Mr. DAVIS. We also decided some weeks ago that there was interference in the case of rye, and hearings have been held. The Tariff Commission has completed the hearings, and they have notified the public that anybody has until February 1 to file briefs. In the case of barley, we have not felt that there was actually a case to date.

The support program on barley is fundamentally a support program on feed barley or barley at feed price level, the idea being that malting barley in the years when we do have good malting barley and that varies by year—some years we have quite a lot of good malting barley, and some years it is less, depending on the season—will carry a premium, and as long as that premium places it above the feed price, it will go into the market for malting purposes. It is only in the case of a year when the supply of that kind of barley is so great that there is not adequate premium to put it above the support prices that it will be placed under loan.

One fact that was not brought out in the statement of Mr. Hendrickson is this, that at the beginning of this year we had one of the lowest carryovers of barley we ever had. So we did not start this year with a large carryover. Our 1947 to 1951 average stocks on hand, July 1, was 76.3 million bushels. This year it was down to 51.4 million bushels.

Senator DIRKSEN. What do you regard as a normal carryover?

Mr. DAVIS. Somewhere around 70 to 75 million bushels; and we were about 25 million below that at the beginning of this year. So there was not, as is true of wheat, a large carryover at the beginning of the year.

Mr. HENDRICKSON. I would like to ask this: Do you happen to have the breakdown of the carryover figure as between the malting varieties and the feed varieties because my impression is that the carryover from the malting varieties is rather high, while the carryover from the feed varieties was relatively low.

Mr. DAVIS. I think we are looking at this question of whether or not there is interference in terms of the kind of support program that is operating this current year and it is basically a feed price support program. While what you say is probably true, even so I do not think it is a material fact in determining whether or not there is interference with the program that is in operation this year because this is basically a feed price-support program.

You have raised a question there which is another question, I think, with respect to malting barley, but I think looking at it in the framework that exists now that we have to ask ourselves, is this present support program being interfered with by imports. Therefore, I think this carryover figure of 51 is the one we pretty much have to look at.

As we see the picture, we have a changing situation in barley. It is changing week by week. There are a number of factors that are not in the picture with great weight yet, but we are aware of them. One of them is the acreage controls on wheat and probably that is going to mean a greater shift to barley in another year. I think we have to look at that one. But there again you cannot actually go before the Tariff Commission and say there is right now interference on that kind of ground, either.

The CHAIRMAN. Why can't you do that?

Mr. DAVIS. Because there is not any actual threat of this year's program.

The CHAIRMAN. But here is a farmer that has 160 acres of land, and he can only raise wheat on 30 acres of it. I know of a quarter section that happens to have that. The Tariff Commission made up of human beings knows that the farmer has to seed rye in the fall or barley in the spring and certainly should consider that. There are going to be millions of acres of barley seeded in Wisconsin and North and South Dakota.

Mr. DAVIS. I think we will be in a position to appraise that when the intention-to-plant report comes out in March and we can take that factor into consideration, and we will have tangible evidence of it.

The CHAIRMAN. Will you not be in the same position then that you are in right now? Eleven million bushels of rye came in and we have raised only 23 million to compete, so there are 11 bushels of rye from Canada to compete with our 23. Certainly the Tariff Commission ought to realize that barley is going to be seeded.

Mr. DAVIS. The point I am making is this, that we are approaching what seems to us like a period where while the case we have not felt to date is strong enough so that we are justified in going to the Tariff Commission, it may well be that situation soon will be different. It is changing and we

are now beginning to look at the new year. We may very well within a reasonable time ask the Tariff Commission to investigate the barley situation. I do not know. But it has not looked to us like we had a strong enough case to go before the Tariff Commission and win up to date.

Our estimate is that we will finish this year with a carryover of 60 million bushels total of barley.

Mr. HENDRICKSON. You thereby have increased that estimate by 10 million bushels in the last 2 months.

Mr. DAVIS. Yes. That anticipates 35 million imports, which is the figure you used.

Mr. HENDRICKSON. Yes.

Mr. DAVIS. We started this year with 51 million bushels carryover, and it looks like we will end it with about 60 million left over, and the 5-year average is around 75 million bushels. All of those are figures that have to be taken into consideration in weighing whether or not we have a case to present before the Tariff Commission.

The CHAIRMAN. Are you not overlooking the fact that most of that barley is harvested in the Northwest after July 1?

Mr. SUPPES. No, we are not overlooking that fact. That is normal.

The CHAIRMAN. In other words, you are putting that over to next year?

Mr. SUPPES. The marketing year begins Juy 1.

The CHAIRMAN. The poor devil of a farmer is going to find himself in August with a lot of barley on hand and unable to get a good price for it.

Mr. DAVIS. He will have this year's production, if the weather is good, which may be higher than last year, because of the diverted acres. We will have a relatively low carryover supply in this country in the beginning of 1954–55. Of course, with the support program on the basis of feed, barely has to be looked at, I think, in connection with corn and oats and rye and all of these other factors, too, and that we have tried to do.

Mr. HENDRICKSON. I am a little surprised at one thing, let me say frankly, at your indifference with respect to the loss of this barley market. The production of this malting barley has been a very important activity in the country and State extension services for years. It is a very important source of income as far as the farmers are concerned.

Mr. DAVIS. It is not a matter of indifference. It is a matter of uncertainty.

Mr. HENDRICKSON. You mean to say that you are afraid that the processors of malt in this country may run short of supplies?

Mr. DAVIS. No. We are faced with the question, Is there or is there not interference with the support program as it is set up? We have not felt that there was a case. Mr. Suppes here is more familiar with these figures than I am.

Mr. SUPPES. Despite the sizable imports, they may be 35 or 40, as you say—there are already 25 to 26 to date this year—our supplies this year are relatively low. They are just about as low as they were the year before, which is away below average. That is one of the weak spots in this picture in finalizing our recommendation at this time. That is also despite the fact that our exports are shrinking away from us. Despite all these things, our supplies are rather on the low side for barley and our carryover next summer is going to be rather on the low side.

Mr. HENDRICKSON. Sixty million bushels.

Mr. SUPPES. 75 or 80 would be a more comfortable carryover.

Mr. HENDRICKSON. Of course, out of a carryover a very big percentage is going to be in the hands of the CCC at considerable cost to the Government.

Mr. SUPPES. That is one of our uncertainties. It is true that 32 million has been put under support, and considerable more may be put under by January 1. We do not know today how much farmers are going to deliver. Prices would not have to increase very much more for the farmers to redeem their loans.

Mr. HENDRICKSON. There is not one single chance of the prices strengthening with the tremendous quantities which are backed up in Canada, which are available at all times at prices just below whatever the price is here, and as a result of a monopoly situation in Canada.

Mr. SUPPES. That is one of the depressing factors, the backlog in Canada.

Mr. HENDRICKSON. It is a dumping program.

Mr. SUPPES. That is right. The stage is set for possible trouble in the future. The only way we differ is concerning the absolute certainty at the present time.

The CHAIRMAN. Cannot there be something done now to prevent that dumping?

Mr. SUPPES. The only procedure that we know of is through section 22.

The CHAIRMAN. That is the only way we can do it?

Mr. SUPPES. That does not always move slow, however. Sometimes that procedure is quite slow; it takes 2 or 3 months. Sometimes it takes only 3 or 4 weeks.

Mr. COLLINS. Did not Secretary Benson, when he was testifying before the Agriculture Committee last April, concede that there were some defects in section 22, and it ought to be amended to speed up the process?

Mr. SUPPES. I cannot say for that.

Mr. DAVIS. That is right, and it was amended to give the President extraordinary powers pending a hearing.

Mr. COLLINS. To act in an emergency.

Mr. DAVIS. He can act during a period pending the investigation by the Tariff Commission if he feels that the situation warrants it. So far he has not used that power, but it was provided last summer.

Mr. COLLINS. Is this barley still coming in as of today, or is it held up or slowed up because of the lakes freezing over?

Mr. SUPPES. It is slowing down because of the lakes being frozen. The majority of it normally moves by water.

Mr. COLLINS. What is the latest figure you have, Mr. Suppes, for the total amount that has come in from Canada since July 1, up to as close a date to today as possible, and comparing that with the same period last year?

Mr. SUPPES. Estimating November and December, we think about 25.8 million bushels have come in.

Mr. COLLINS. How does that compare with last year?

Mr. SUPPES. Last year, 14.4 during the same 6 months, and the year before, 8.7.

Mr. COLLINS. So it is well over a 50-percent increase this year over last year.

Mr. SUPPES. Nearly double. In addition to this 25.8 there is about 2 million bushels in bond, most of which has come from Canada.

Mr. COLLINS. And as soon as the lakes open up, that could come in immediately.

Mr. SUPPES. They are already here in bond, and they could be released tomorrow or 3 months from now. We do not know. So you might say the total is a round 28 million. That is more than you thought.

Mr. HENDRICKSON. I am plenty optimistic about the quantities coming in.

Mr. COLLINS. This has a very definite effect on our price-support program, does it not?

Mr. SUPPES. There is no question but that it is a depressing factor. We do not attempt to argue that.

Mr. COLLINS. And there might be need of invoking section 22?

Mr. SUPPES. There very well might be.

Mr. DAVIS. Yes. In these proceedings, the Department of Agriculture has the responsibility of proving a case before the Tariff Commission along with help from the trade. But we initiate the case, and then we have the responsibility as far as the agencies of Government are concerned of trying to prove the case. The long and short of it is up to now we have not felt that the case was sufficiently strong that we could prove it.

Mr. COLLINS. It is not on all fours with the rye situation.

Mr. DAVIS. No.

Mr. SUPPES. That was an open-and-shut case.

Mr. DAVIS. It is being reviewed almost day by day. These are some of the men that are reviewing it; that is, this committee within the Department.

Mr. SUPPES. We can assure you that we are watching it, and we have every intention of moving as soon as conditions justify under the law.

Mr. COLLINS. These imports that are coming in, are they all feed barley, or is there some malting barley?

Mr. SUPPES. The great majority is malting barley. We think 70 or 80 percent. You asked awhile ago as to what the figures are of the malting barley carryover. We never have had them. In the first place, you cannot define malting barley. Malting barley is not malting barley until a maltster buys it and uses it for malting. He can use low or high grade, depending on supply and prices.

Mr. HENDRICKSON. Yes. However, it is easy to indicate the supplies by origins and classify it as malting or nonmalting barley. For instance, most barleys originating in North Dakota or Minnesota would fall in the category of malting barley. It is raised for those premiums.

Mr. SUPPES. About half of all the barley that goes to market from farms is used for malting purposes. It is a very big factor in our farming and malting industries.

Mr. HENDRICKSON. What I find difficult to comprehend is how much evidence is necessary to make a case in connection with section 22. The mere intention to plant will certainly show an increase in barley acreage that is equal percentagewise to rye, if not greater. It is only natural that is to be expected. It takes so long for action to come about. Even on oats this year, the hearings were held before the Tariff Commission in July, and the Tariff Commission had a report in September, to be sure, but before any action was finally taken under the Tariff Commission recommendations, another record quantity of oats had come into the country. I just have the feeling that we are going to have the barley producer in this country in one terrible tragic situation throughout the harvesting and early marketing season next year because his market will again have been turned over to Canada. The market he will have will be the price-support program.

Mr. DAVIS. In answer to your question, I think we have had about 15 or 17 years of experience under section 22, and I think the record pretty well demonstrates that you have to have a pretty strong case in order to get the desired finding by the Tariff Commission, and then if you want action——

Mr. HENDRICKSON. Of course, we feel we have a very strong case at the present time, particularly anticipating this acreage increase that we are going to have. We will have barley rolling out of our ears next fall with no place to go except CCC price support, and every bushel that goes there tends to cost the Government money and tends to defeat the purpose of price support.

The CHAIRMAN. And the newspapers come out, who are opposed to the farmer, and tell about the great loss on the part of the CCC and the great subsidy to the farmer.

Mr. SUPPES. The CCC has lost very little money on the barley support program to date. That is one of the weak spots in this armor. It has had to take over very little barley in the last 4 years. It owns only about 450,000 bushels of barley today. We have weighed

the pros and cons and we feel at this moment our case is not quite watertight.

Mr. COLLINS. What would you have to have, Mr. Suppes, to make a strong case as far as barley is concerned?

Mr. SUPPES. We would have to know with some certainty what our 1954 production is going to be.

Mr. COLLINS. Production is 1 point.

Mr. SUPPES. We are almost certain that there is going to be a 25-percent expansion in seeded acres but we do not know what the growing weather is going to be. There might be a big crop failure in barley. We, at the Department of Agriculture, have to confine ourselves to the terms of section 22. We have to be practically certain that there will be material interference with the program or operation undertaken by the Department of Agriculture. We cannot go outside of those terms.

Mr. COLLINS. But you can take into consideration what you feel are unusually heavy importations. That is part of the picture.

Mr. SUPPES. We are well aware of the heavy importations. But we say despite that our supplies are rather short this year.

Mr. DAVIS. We own only half a million bushels. The carryover at the beginning of this year was low. The carryover at the end of this year is going to be lower than the average. While it is true that the acreage may be up and then if the weather is good we will have a heavy production, in another year we will probably be in serious trouble, but we are 4 or 5 or 6 months from the time when those imports will be actually coming forth. We cannot as of January make a case on that basis according to the experience that we have had in making these kinds of cases. That is about the long and short of it.

The CHAIRMAN. Cannot the farmers be protected? If there is a shortage in the crop, certainly Canada will always be glad to send their barley here. They have it there and have no other place to send it.

Mr. SUPPES. Yes; they have. The majority of their outlets are other than the United States. It is not like rye or oats where there is virtually only one outlet, the United States. Three-fourths of their outlets for barley are in countries other than the United States.

Mr. HENDRICKSON. Of course, Mr. Chairman, I think there is a tendency as you view this matter in the Department to overlook one of the secondary provisions of section 22, which has also as a responsibility of the Department of Agriculture to take account of this fact of where you are threatened with reducing substantially the amount of products processed in the United States from domestically produced commodities. This market for malting and pearling barley is about 75 percent taken over by the Canadian product. What do they have to do before we invoke that particular provision? Does it have to be 90 or 100 percent?

Mr. SUPPES. We will readily grant——

Mr. HENDRICKSON. I think you are viewing this as a feed problem. The areas we are talking about are malting barley. I know why you do not have a support price on malting barley. It is impossible to work one. You cannot do it because there is no standard to measure by. It is a fact, and a glaring fact, that the barley being used in the malting and food industry is practically all coming from Canada today. Therefore, our percentage of that market is gone.

Mr. SUPPES. We use about 90 million bushels of barley for malting. Of the 35 million that come in, we will say that three-fourths of it will be malting, so 22 million will be malting. So you might say 20 out of 90 million is very probably Canadian barley in the malting industry this year.

In previous years it has been 5 to 10 percent.

Another one of our blind spots we might emphasize or repeat—we have already said it—is that even though farmers have placed large amounts of barley under price support, they might still redeem and not deliver. That has happened many years in the past on various commodities. Farmers play safe and avail themselves of their price-support privileges and the market goes up and they are able to redeem and not deliver. The spread between price support and national average farm price today is only 9 cents. The effective spread is only about 5 cents. So theoretically if the market goes up only 6 or 7 cents, farmers would be in a position to redeem. Undoubtedly much of this large amount under support would be redeemed in the light of our rather tight supplies and our rather tight carryover before the new crop hits us.

Mr. COLLINS. Speaking of placing barley under loan, Mr. Suppes, suppose you have out in North Dakota or Minnesota, a farmer who is raising barley for malting purposes—high quality malting barley. He finds that he cannot get his price at the market.

Mr. SUPPES. You mean cannot get the usual premium of 40 or 50 cents over feed prices?

Mr. COLLINS. When he puts that under loan, he gets the feed price?

Mr. SUPPES. That is true, and unfortunately true.

Mr. COLLINS. So therefore that is an inequity in forcing that farmer who is raising high quality barley when he finds that he has to put it under loan at the barley-feed price.

Mr. DAVIS. What you say is true, and I would not quarrel with the fact you are bringing out, but you see the question we are dealing with here under section 22, are the imports interfering with the support program? That does not quite include the point you are making. We do not argue that the point you are making should not be taken into consideration and does not have merit.

Mr. COLLINS. But there is an inequity present and how can you cure it?

Mr. SUPPES. That is true. The support program is not rendering the service we wish it were. Under the section 22, we are still not "practically certain" that the program conducted by the Department will be materially interfered with.

Mr. COLLINS. But you are keeping your eye on it.

Mr. SUPPES. Yes; we are. We think we may be headed for trouble. If we have average weather and things work out normally, we are headed for trouble.

Mr. DAVIS. As I see it, Mr. Chairman, our difference is not one of philosophy or feeling for the farmer; it is just a question of whether or not a case exists now to warrant action under section 22. We feel we must have a pretty strong case when we go before the Tariff Commission, as experience has shown. The stronger the case, the quicker you can usually get action. We are approaching a situation that is getting worse. I think it is accurate to say as time goes on and we face a new year, it is one we want to watch and we are going to watch. But up to now we have not felt that we had a case strong enough to win within the framework of operations of section 22. That about summarizes it.

Mr. SUPPES. I might say, Senator, we have given you a copy of all our statistics brought up to date. So you are free to keep that as a part of the record, and use it in addressing any questions to us that you see fit, now or hereafter.

Mr. DAVIS. We are glad to have this chance to come up and explore this with you.

The CHAIRMAN. It does seem too bad that it is so hard to convince the Tariff Commission. I kind of wish you fellows were the Tariff Commission.

Mr. SUPPES. We will have our first crop outlook report in March. We will not have the first actual crop report until July. But we will have many reports from the field that will indicate weather conditions and probable yield. I would say by April or May we will have a pretty clear picture of what we are heading into.

Mr. COLLINS. Just about the time the lakes open up.

Mr. SUPPES. Yes; about the middle of April.

Mr. COLLINS. I have no more questions, Mr. Chairman.

The CHAIRMAN. I think that is all. I want to thank you gentlemen for coming up. I am delighted to know you are watching the situation so carefully.

Mr. SUPPES. We will keep in touch with you, Senator, and advise you of any significant changes.

(Thereupon at 11 a. m. the hearing was concluded.)

(The following communication is made a part of the printed record:)

NATIONAL FARMERS UNION,
Washington, D. C., January 20, 1954.

Hon. WILLIAM LANGER,
Chairman, Senate Judiciary Committee,
Senate Office Building,
Washington, D .C.

DEAR SENATOR LANGER: Owing to the pressure of other duties and commitments it was impossible for me to attend the hearing of your committee on barley imports. However, I do want our views to be considered by your committee and by the general public.

I note that the Department of Agriculture has refused to give this problem sufficient consideration at this time to initiate any move to urge the Tariff Commission to study the problem or to take any action relative to it. With farmers receiving only 83 percent of rollback parity for their barley, this delay and waiting to complete further studies in the Department of Agriculture is without justification. One can but wonder, in view of the recent administration recommendation favoring the sliding scale, if maybe the Department is not planning to wait to move on the barley situation until after the price drops below 75 percent of parity.

It is my understanding that barley imports from Canada are twice as high this year as last. Farmers are putting four times as much barley under the loan this year as last. Even then, however, the Canadian imports and the failure of the administration to solve the storage problem are requiring farmers to accept less than the legal support level for their barley sales. On the face of it these delays in referring the import problem to the Tariff Commission as required by section 22 of the agricultural adjustment law and failure and delay in connection with the storage program appear to be a deliberate attempt to put the sliding scale into operation in the absence of legislative authority to do so.

The parity price of barley is now calculated on the new rollback formula. This means that when deliberate or ineffectual actions by the Secretary of Agriculture allows the price of barley to fall below 100 percent of parity, this lower market price becomes a permanent part of the price record which goes into the calculation of the moving average. This means that a price in 1953–54 of only 83 percent of parity for barley will cause a progressive lowering of the barley parity price itself each year for 10 long years.

I urge your committee to make a full investigation of this condition. The appropriate means of curing these problems is the enactment of a law that will support the prices of barley to American family farm producers at 100 percent of parity with the international exchange of barley governed under a negotiated international agreement similar to the International Wheat Agreement, in the extension of which last year you played such an important part. Such nego-

tiated international commodity agreements should be buttressed by the establishment of a negotiated international raw materials reserve or pool similar to the setup that would be provided by enactment of the international food reserve resolution that you and 23 other Senators introduced last year.

The farmers of this or no other country should be required to carry the full burden of international good will. Through negotiated international agreements entered into and administered with intelligence and cooperation these problems can be solved satisfactorily to all concerned.

In the absence of such intelligent international action, the only course open to American family farmers and their friends in the Congress is to demand that no imports of barley be allowed to enter the United States at any time when the domestic price to American farmers is less than 100 percent of parity.

I thank you for this opportunity to make known our views on this important problem in this way. I request that you insert this letter in the record of your hearings.

Sincerely,

JOHN A. BAKER,
Assistant to the President.

Mr. KNOWLAND. Mr. President, may I ask what time remains?

The PRESIDING OFFICER. The majority leader has 65 minutes remaining, and the minority leader has 96 minutes.

Mr. KNOWLAND. I am prepared to yield back the remainder of my time. I have no further requests for time.

Mr. JOHNSON of Texas. I yield back the remainder of my time.

The PRESIDING OFFICER. All remaining time is yielded back.

The bill having been read the third time, the question is, Shall it pass?

Mr. KNOWLAND. On this question I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Georgia [Mr. GEORGE], the Senator from Missouri [Mr. HENNINGS], and the Senators from Montana [Mr. MANSFIELD and Mr. MURRAY] are absent on official business.

The Senator from Massachusetts [Mr. KENNEDY] is absent by leave of the Senate because of illness.

I announce further that, if present and voting, the Senator from Georgia [Mr. GEORGE], the Senator from Missouri [Mr. HENNINGS], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Montana [Mr. MANSFIELD] would each vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Delaware [Mr. WILLIAMS], who is necessarily absent, is paired with the Senator from Wisconsin [Mr. MCCARTHY], who is detained on official business. If present and voting, the Senator from Delaware [Mr. WILLIAMS] would vote "yea," and the Senator from Wisconsin [Mr. MCCARTHY] would vote "nay."

The result was announced—yeas 75, nays 13, as follows:

YEAS—75

Aiken	Bricker	Case, N. J.
Allott	Bridges	Case, S. Dak.
Anderson	Bush	Clements
Barkley	Butler	Cotton
Beall	Byrd	Curtis
Bender	Capehart	Daniel
Bennett	Carlson	Dirksen
Douglas	Jackson	Payne
Duff	Johnson, Tex.	Potter
Eastland	Kefauver	Purtell
Ellender	Knowland	Robertson
Ervin	Kuchel	Russell
Flanders	Lehman	Saltonstall
Frear	Long	Schoeppel
Fulbright	Magnuson	Scott
Goldwater	Martin, Iowa	Smathers
Gore	Martin, Pa.	Smith, Maine
Green	McClellan	Smith, N. J.
Hayden	McNamara	Sparkman
Hickenlooper	Millikin	Stennis
Hill	Monroney	Symington
Holland	Morse	Thurmond
Hruska	Mundt	Thye
Humphrey	Neuberger	Watkins
Ives	Pastore	Wiley

NAYS—13

Barrett	Kerr	O'Mahoney
Bible	Kilgore	Welker
Dworshak	Langer	Young
Jenner	Malone	
Johnston, S. C.	Neely	

NOT VOTING—8

Chavez	Kennedy	Murray
George	Mansfield	Williams
Hennings	McCarthy	

So the bill (H. R. 1) was passed.

Mr. BYRD. Mr. President, I send to the desk an order and ask that it be considered and agreed to.

The PRESIDING OFFICER. The clerk will read the order.

The Chief Clerk read as follows:

Ordered, (1) That the bill (H. R. 1) be printed with the Senate amendments numbered.

(2) That in the engrossment of the amendments of the Senate to the bill the Secretary of the Senate is authorized to make all necessary technical and clerical changes, including changes in section, subsection, paragraph, etc., numbers and letters and cross-references thereto.

The PRESIDING OFFICER. Without objection, the order is agreed to.

Mr. BYRD. Mr. President, I move that the Senate insist upon its amendments, request a conference thereon with the House of Representatives, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRD, Mr. GEORGE, Mr. KERR, Mr. MILLIKIN, and Mr. MARTIN of Pennsylvania conferees on the part of the Senate.

INTERIOR DEPARTMENT APPROPRIATIONS, 1956

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 264, H. R. 5085, the Interior Department appropriation bill.

The PRESIDING OFFICER. The Secretary will state the bill by title for the information of the Senate.

The CHIEF CLERK. A bill (H. R. 5085) making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1956, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations, with amendments.

ADDITIONAL BILLS INTRODUCED

Mr. HUMPHREY, by unanimous consent, introduced the following bills, which were read twice by their titles, and referred, as indicated:

S. 1900. A bill for the relief of Helen Agnes Blais (Junko Furakawa); and

S. 1901. A bill for the relief of Elfriede Andreas Carlson; to the Committee on the Judiciary.

S. 1902. A bill to promote greater economy in the operations of the Federal Government by providing for a consolidated cash budget, a separation of operating from capital expenditures, the scheduling of legislative action on appropriation measures, yea and nay votes on amendments to appropriation measures, and a Presidential item veto; to the Committee on Government Operations.

(See the remarks of Mr. HUMPHREY when he introduced the last above-mentioned bill, which appear under a separate heading.)

PROPOSED ECONOMY ACT OF 1955

Mr. HUMPHREY. Mr. President, I introduce, for appropriate reference, a bill to promote greater economy in the operations of the Federal Government by providing for a consolidated cash budget, a separation of operating from capital expenditures, the scheduling of legislative action on appropriation measures, yea-and-nay votes on amendments to appropriation measures, and a Presidential item veto. I ask unanimous consent that a statement, prepared by me, explaining the purposes of the bill, be printed in the RECORD.

The PRESIDING OFFICER (Mr. MCNAMARA in the chair). The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 1902) to promote greater economy in the operations of the Federal Government by providing for a consolidated cash budget, a separation of operating from capital expenditures, the scheduling of legislative action on appropriation measures, yea-and-nay votes on amendments to appropriation measures, and a Presidential item veto, introduced by Mr. HUMPHREY, was received, read twice by its title, and referred to the Committee on Government Operations.

The statement presented by Mr. HUMPHREY is as follows:

STATEMENT BY SENATOR HUMPHREY

I have today introduced for appropriate reference, a bill to be known as the Economy Act of 1955. It is a bill which I have submitted to the Senate since the 81st Congress. We have now had time for serious and careful study by the Congress and I hope it can be enacted in this session.

The bill is designed to promote greater economy in the operations of the Federal Government by providing for a consolidated cash budget, a separation of operating from capital expenditures, the scheduling of legislative action on appropriation measures, yea and nay votes on amendments to appropriation measures, and a Presidential item veto.

I want to bring to the attention of the Senate the fact that one of the provisions incorporated in my bill would establish a Presidential item veto. Such an item veto is essential in an over-all program for economy. It can act as an effective barrier against logrolling and legislative riders and thus curtail the needless porkbarrel items from being included in the appropriation bills.

An item veto is standard practice in 39 States. Congress itself has approved this plan in the past in authorizing the chief executive of the Philippine Islands and Puerto Rico to veto individual items in appropriation bills. This proposal is designed to establish that provision within constitutional limitations.

The distinguished senior Senator from Virginia [Mr. BYRD] has introduced a constitutional amendment to accomplish this objective which we share. I welcome the Senator's proposed amendment and would be pleased to support it if that seemed the most effective way to attain our objective. There are constitutional questions that are raised by this effort. The late distinguished Senator from Michigan, Mr. Vandenberg, had come to the conclusion that a legislative proposal along the lines suggested in my bill would be constitutional and proper. It is in that spirit that I introduce the bill, but I am perfectly prepared to accept a constitutional amendment if that proves to be most effective.

In that connection, I ask unanimous consent to have printed at the conclusion of these remarks an article from the New York Times of March 4, 1955, written by the distinguished Washington commentator, Mr. Arthur Krock.

(See exhibit A.)

The Economy Act of 1955 also calls for the establishment of a consolidated cash budget. The consolidated cash budget is the only way in which the national fiscal picture can be presented to the American people truly and accurately. It shows the actual flow of money between the Government and the people. It would be a true measure of the impact of the budget on our economy in that it would eliminate from the budget payments and receipts from Federal trust funds. I urge that our Government provide the American people with a realistic basis for relating the budget to the economic environment so as to permit intelligent debate on the budget by adopting the consolidated cash budget. I am pleased that this proposal has in the past strongly been supported by the Committee for Economic Development.

A third provision of my bill is designed to separate operating from capital expenditures of the budget. Every business concern makes such a distinction clear in its fiscal operation. The Hoover Commission proposed as one of its central recommendations that these two forms of expenditures be separated in our budget.

Basic to the fiscal operations of our Government must be the ability of Congress intelligently, carefully, and perseveringly to scrutinize the budget requests that come from the executive branch. We have been in the past derelict in our responsibility in meeting that objective. I am pleased to have been a cosponsor of the bill, as presented by the senior Senator from Arkansas [Mr. MCCLELLAN], which would create the Joint Committee on the Budget, and which would provide adequate staff to check carefully every budget item so that the Congress can carry out its responsibilities more carefully. In addition to that proposal, however, it is also necessary that Congress schedule its legislative action on appropriations more carefully. This is the fourth proposal in my bill.

The Economy Act of 1955 provides for the chairmen and the ranking minority members of the Committees on Appropriations of the House of Representatives and the Senate to work with the Speaker of the House and the President of the Senate to establish and then to adhere to a specific schedule for handling appropriation measures. In recent years appropriation measures have rarely been enacted in time for the beginning of the fiscal year. The uncertainties and waste arising from this delay should be avoided.

The last essential program in my bill provides for yea-and-nay votes on appropriation measures. There is a great deal of talk about economy, but that talk is not always accompanied by consistent action. The voters in a democracy have a right to know how their representatives have been acting on crucial appropriation measures. The Economy Act of 1955 is an effective way for Members of Congress to be counted on issues affecting economy. It would provide actual yea-and-nay votes on all appropriation measures.

I make a plea for earnest legislation consideration of the bill. The present budget practices of the Federal Government are more than 30 years old. They need to be revitalized to bring about efficient economy in Government. Our Government's antiquated budget should be placed on a businesslike basis. We need to streamline our budget machinery and thus provide a constructive and nonpolitical approach to the problem of our economy. We need to provide the facts to the American people, so that they can legislate economy intelligently and constructively.

EXHIBIT A

[From the New York Times of March 4, 1955]

IN THE NATION—ANOTHER ATTEMPT TO GRANT THE ITEM VETO

(By Arthur Krock)

WASHINGTON, March 3.—Senator BYRD, of Virginia, has revived the old effort to give authority to the President to disapprove particular items in revenue bills instead of, as now, being obliged to veto or approve them in toto. He has proposed an entirely new formula which may find favor for the general objective which hitherto it has lacked.

Previously the plan advanced was to write into the Constitution unrestricted "item veto" power for the President. Under the Byrd proposal, Congress is authorized to grant or withhold it in any appropriation bill it passes. Congress could specify the sections open to separate veto, maintaining the same right to override a Presidential veto of items as it now has with respect to measures as a whole. If the Byrd amendment were now a part of the Constitution such riders as the Rayburn $20-per-head-tax deduction on the bill to extend corporate and excise-tax rates would be within the President's veto power. So would be the more frequent type of riders that, in contrast to the Rayburn proposal passed by the House, are not even faintly germane.

The item veto authority over appropriation bills is already possessed by the governors of three-fourths of the States. Several governors have the alternative power of reducing an item. In some States, they can veto items in legislation of any kind. To Senator Vandenberg, who was an advocate of this Federal reform, President Roosevelt wrote, September 24, 1937: "During my 4 years as Governor of New York, I came to the conclusion that the right to veto items in general appropriation acts met with general favor on the part of the legislature and the public."

TWO ROOSEVELTS AND DOUGLAS

He was replying to a letter in which Vandenberg made this observation:

"Legislative riders on tax and appropriation bills * * * rob the Executive of legitimate and essential freedom of action in dealing with this legislation. * * * I do not see how there can be effective Executive action upon an appropriation bill unless it can be considered by the President in its separate factors."

President Roosevelt replied that Congress already had the machinery to suppress "the evil of intermingling wise and unwise expenditures, or tax provisions * * * like that of riders," and "if there were a public opinion * * * strong enough to carry a constitutional amendment [to the purpose] it ought to be reflected in the action of Congress." But in 1953 his son, Representative Franklin D. Roosevelt, Jr., came out for direct action. On May 14 he served notice that, each time an appropriation bill was before the House, he would propose item veto authority for the President. He quoted Senator PAUL DOUGLAS, of Illinois, as estimating that the lack of this authority costs "about $4 billions a year of the taxpayers' money."

The Roosevelt, Jr., motion was ruled out of order by the Chair on the ground that it sought to impose legislation on an appropriation bill. That ruling made it additionally clear that an amendment to the Constitution was required for the purpose. But all amendment texts proved vulnerable to the charge that they would dangerously expand the Executive province, enable him to reward and punish areas and individuals politically, and remove from Congress one of the vital checks and balances derived from the Constitution. By his new formula Senator BYRD hopes to blunt the edge of that point by minimizing its cause.

THE CRITICS ANSWERED

Other objections have been raised which, with BYRD's answers, follow:

A constitutional amendment is dangerous because, if a President abused the prerogative granted, the harm would be done before the amendment could be repealed. (Answer) Since the item veto authority under the Byrd amendment would be granted by statute, it could be as quickly suspended or repealed, and by joint resolution, which is not subject to Presidential veto.

An amendment text, even with the above safeguard, could probably not be made acceptable to Congress. This is because amendments must be brief and that precludes the essential definitions of terms like "items" and "provisions." (Answer) The Byrd text leaves all these definitions to Congress; also the occasions when they are to be applied.

"The Federal budget has been in the red 23 out of 26 years," said BYRD in support of his plan. "The Federal debt is at its peacetime peak of $280 billions. Contingent debt of the Federal Government is approximately $250 billions. * * * A balanced budget is not in sight. This is a device to attain constructive and responsible economy * * * and I believe it to be properly safeguarded in the form I have presented."

Constitutional amendments must travel a rugged, uphill path before they can obtain the two-thirds of Congress required to submit them to the States and the subsequent approval of two-thirds legislative majorities in three-fourths of the States. But not many of Democratic origin can claim the support of so rare a party alliance as that of BYRD, DOUGLAS, and ROOSEVELT, Jr.

PROPOSED CRAZY HORSE MEMORIAL COMMISSION

Mr. MUNDT. Mr. President, earlier today, on behalf of myself and six of my colleagues from neighboring States, the Senators from Minnesota [Mr. THYE and Mr. HUMPHREY], the Senators from North Dakota [Mr. LANGER and Mr. YOUNG], and the Senators from Wyoming [Mr. BARRETT and Mr. O'MAHONEY], I introduced the joint resolution (S. J. Res. 69) to establish a Crazy Horse Memorial Commission and to provide ways and means whereby the Government can assist in the completion of this great mountain monument in tribute to the American Indian. Representative E. Y. BERRY, of South Dakota, today introduced an identical bill in the House.

Korczak Ziolkowski, one of America's great sculptors, has devoted many years to the carving of this tremendous likeness of that outstanding Sioux Indian leader, Crazy Horse. Much progress has been made on this work of art, which will comprise the largest monument in history carved to the likeness of a human being.

This great project, located in the beautiful Black Hills of South Dakota, provides an opportunity at long last for all Americans to pay tribute to a great and courageous race—the American Indian.

The inevitable onward march of civilization forced the American Indian from his happy hunting grounds and his ancient campsites. Pushing ever westward in a hurry, our white settlers steadily drove the Indian onto less and less attractive lands. Treaties were broken or misinterpreted. Firearms and firewater were used to help bring conquest to these courageous defenders of their homeland.

Even today we are late, we are slow, and we are small in our efforts to rectify earlier wrongs and to gear our American Indians profitably and equitably into today's civilization which they have come to accept and to applaud.

In World War I, Indian scouts did much to help our Armed Forces overseas. In World War II and in the Korean war, they fought valiantly in support of the forces of the free. There was an Indian lad at that memorable occasion at Iwo Jima.

In the last two of these wars, the Sioux Indians contributed a greater percentage of their youth to the wars than any other race.

Mr. President, I recall seeing one day in Trafalgar Square in London a statute erected to the memory of George Washington. I stopped and pondered approvingly over the manner in which time erases enmities and solidifies the feelings of people. How fitting it is, therefore, that America is now resolved to pay a tribute in this mountain monument to a great Indian leader and to a great Indian race.

This Crazy Horse monument will bear testimony to all the world of our determination to deal fairly—and I hope generously—with our Indian friends who have for too long been too much neglected in this country which was taken from them in the only aggressive wars in which we have ever engaged.

In the mountain fastnesses of the Black Hills in the general area where the Indian last resisted the forward advance of civilization, it is my hope that this monument to the memory of Crazy Horse, carved in symbolic tribute to the early owners of America, may help inspire us all to maintain our aversion to aggressive wars and to de-ote ourselves to the solution of our Indian problems until both economically and educationally our Indian friends can claim their rightful place among us as free and happy equals enjoying fully the manifest blessings of our way of life and of today's America.

ADDITIONAL ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD, as follows:

By Mr. KUCHEL:

Address delivered by him to students attending the Southern California Christian College.

By Mr. MONRONEY:

Speech delivered by Senator MAGNUSON before the Airport Operators Council in Seattle, Wash., April 27, 1955.

By Mr. HUMPHREY:

Article written by Representative HARRISON A. WILLIAMS of New Jersey and published in the April 7, 1955, issue of the Reporter magazine.

EMPLOYMENT OF RESERVE OFFICERS AND MEN

Mr. THURMOND. Mr. President, I ask unanimous consent to have printed in the body of the RECORD, along with these remarks, an excerpt from the May 2 edition of Babson's Washington Forecast.

In this article, the editors of Babson's service point out that they believe it is good business and good patriotism for businessmen to hire reservists. Babson's April 18 edition contained remarks which advised businessmen they could avoid difficulties by not hiring reservists at this time.

On April 25 I called this to the attention of the Senate. I now ask that this article from the latest edition, which corrects the impression conveyed in the April 18 edition, be printed in the CONGRESSIONAL RECORD, and I commend the editors for making this correction.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

HIRING RESERVISTS

We received criticism from one source concerning our April 18 article on the employment of reserve officers and men.

This source interpreted our story as one which advised businessmen not to hire reservists.

In the event that any other readers may have similarly misinterpreted that article, we wish to clarify our position completely—and to point out that we have repeatedly advised clients that employment of reservists is not only good patriotism, but good business.

Regular clients will remember that we said in a previous Washington letter:

"Reserve service is proof of the capacity to assume responsibility, proof of foresight, and proof of stability—all vital employee qualifications. You can hurt yourself—and your country—by refusing to hire these young men."

In our story of April 18, we invited interested clients to write for a supplementary letter on reserve matters, published on the same day.

We said in that supplement. "Employers should not penalize them (reservists) because they are called upon to serve their country."

The mistaken impression was the result of misinterpretation of one word in our April 18 story.

We trust that this sets the record straight. (From Babson's Washington Forecast, May 2, 1955.)

DR. FRANCIS E. TOWNSEND

Mr. HUMPHREY. Mr. President, I rise at this time to pay public tribute and give public recognition to a distinguished American, Dr. Francis E. Townsend, the founder and president of the Townsend Plan for National Insurance. I do so this week because this is the week in which two to three thousand representative delegates from Townsend groups all over the Nation are convening for their 15th national convention in the Municipal Auditorium at St. Petersburg, Fla.

As they meet and review their program to improve the conditions of the elderly and incapacitated citizens they do so in the full recognition of a tremendous service to the Nation which has been performed by their president, Dr. Townsend, who is now 88 years of age. Through his efforts, Dr. Townsend has helped develop the consciousness of America to its responsibilities to its senior citizens. Much of the progress we have made in that objective and to the objective of abolishing poverty in the United States is progress which he, his associates and his organization have helped make possible.

POLISH CONSTITUTION DAY

Mr. PURTELL. Mr. President, yesterday I was unable to be present in the Chamber during the morning hour, but I have prepared a statement concerning Polish Constitution Day, which I ask unanimous consent to have printed in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR W. A. PURTELL

POLISH CONSTITUTION DAY

Men and women of every nationality with faith in democratic institutions join today with those of Polish ancestry in commemorating the anniversary of the Polish Constitution of the 3d of May. It is entirely fitting that we pause a moment in this great democratic body to pay tribute to a document that stands beside the Magna Carta and the Declaration of Independence as a landmark in humanity's struggle for liberty.

Today is the 164th anniversary of the day in 1791 when the statesmen of Poland signed a constitution that inaugurated significant reforms in Poland's government. Although a monarchy, all power in civil society was stated to be derived from the will of the people. The principle of ministerial responsibility was established. the exclusive prerogatives of the nobility were reduced, since it was provided that townsmen could acquire rank of nobility and property, become officers, and hold office in the civil service and church. The peasants were placed under the protection of law, laying the groundwork for the complete abolition of serfdom 4 years later.

Equally impressive as the scope of the reforms was the bloodless manner in which they were inaugurated. The great English orator, Edmund Burke, whose eloquent appeal for justice on behalf of the American Colonies we all remember, commented on the Polish undertaking:

"We have seen anarchy and servitude at once removed: a throne strengthened for the protection of the people without trenching on their liberties * * * not one man incurred loss, or suffered degradation * * *.

The whole was affected with a policy, a discretion, an unanimity such as have never been known before on any occasion; but such wonderful conduct was reserved for this glorious conspiracy in favor of the true and genuine rights and interests of men."

But while free men rejoiced at the founding of a democratic state in Eastern Europe, the autocratic monarch of Russia became alarmed at the liberal Polish ideas. Russian troops invaded Poland and the small army of gallant defenders held out 3 months against great odds before they went down in defeat. With the Russian victory, the constitution of May 3 was, of course, abolished.

But short-lived as the constitution was, its influence refused to die. Its spirit has moved the Polish people to valiant deeds in defense of their freedom and independence. We can never forget their valor when Nazi troops cynically marched into their homeland in 1939. Tragically, the defeat of Nazi Germany brought to Poland, instead of liberation, a new type of enslavement. The Soviet Union, in imposing its ideology on the reluctant Polish people, ruthlessly liquidates political opposition and relentlessly persecutes religion. But still the brave hearts of the Polish people cling to the ideals of liberty and independence established so dramatically over 160 years ago. The constitution of 1791 remains an inspiration in these dark hours.

It is my fervent prayer that the day will not be far off when Poland will shake off the shackles of Communist tyranny and be free to pursue her own destiny alongside of the nations of the West whose cultural, religious, and political heritage she shares.

LEGISLATIVE PROGRAM — RECESS

Mr. JOHNSON of Texas. Mr. President, I wish to give notice to the Senate at this time that should we conclude consideration of the Department of the Interior appropriation bill tomorrow and have time available for the consideration of other bills, the following bills may be considered, though not necessarily in the order given:

Order No. 209, S. 1516, to provide retirement, clerical assistants, and free-mailing privileges to former Presidents of the United States, and for other purposes.

Order No. 217, S. 153, to amend the Rural Electrification Act of 1936.

Order No. 218, H. R. 1573, to repeal section 348 of the Agricultural Adjustment Act of 1938.

Order No. 236, Senate Concurrent Resolution 16, to establish a joint committee to study aspects of the common system of air navigation in the United States.

Order No. 237, Senate Concurrent Resolution 24, relative to placing temporarily in the rotunda of the Capitol a statue of the late Edward Douglass White, of Louisiana.

Order No. 238, Senate Resolution 94, increasing the limit of expenditures by the Committee on the Judiciary.

Order No. 239, Senate Joint Resolution 18, to provide for the reappointment of Dr. Jerome C. Hunsaker as Citizen Regent of the Board of Regents of the Smithsonian Institution.

Order No. 240, Senate Resolution 33, for an investigation of the administration of the Civil Service Commission.

Order No. 241, Senate Resolution 92, providing funds for an examination and review of the administration of the Patent Office and of the statutes relating to patents, trademarks, and copyrights.

Order No. 246, S. 654, to extend the direct loan authority of the Administrator of Veterans' Affairs under title III of the Servicemen's Readjustment Act of 1944, as amended, to correspond to the expiration dates provided for guaranteed loans under such title, and for other purposes.

Order No. 248, S. 743, to authorize biennial inspection of the hulls and boilers of cargo vessels, and for other purposes.

Order No. 249, S. 732, to promote public cooperation in the rehabilitation and preservation of the Nation's important historic properties in the New York City area, and for other purposes.

Order No. 250, S. 748, to prohibit the United States from acquiring mineral interests in lands acquired by it except when necessary to serve the purpose for which such lands are acquired.

Order No. 253, S. 53, to enable the State of Arizona, and the town of Tempe, Ariz., to convey to the Salt River Agricultural Improvement and Power District, for use of such district, a portion of certain property heretofore transferred under certain restrictions to such State and town by the United States.

Order No. 255, S. 1507, to authorize the furnishing of subsistence and quarters without charge to employees of the Corps of Engineers engaged on floating plant operations.

Order No. 257, S. 727, to adjust the salaries of judges of the municipal court of appeals for the District of Columbia and the salaries of the judges of the municipal court for the District of Columbia.

Order No. 259, S. 391, to provide for the bonding of certain officers and employees of the government of the District of Columbia, for the payment of the premiums on such bonds by the District of Columbia, and for other purposes.

Order No. 261, H. R. 1816, to declare the tidewaters in the waterway (in which is located Fort Point Channel and South Bay) above the easterly side of the highway bridge over Fort Point Channel at Dorchester Avenue in the city of Boston nonnavigable tidewaters.

Order No. 262, H. R. 2581, to promote the national defense by authorizing the construction of aeronautical research facilities by the National Advisory Committee for Aeronautics necessary to the effective prosecution of aeronautical research.

Order No. 263, S. 266, authorizing the Secretary of the Interior to transfer certain property of the United States Government (in the Wyoming National Guard Camp Guernsey target and maneuver area, Platte County, Wyo.), to the State of Wyoming.

Order No. 265, S. 1488, relating to the payment of money orders.

I doubt, Mr. President, that we shall be able to give consideration to all those bills and resolutions. I have conferred with the able minority leader, and I have not intentionally listed any measure which has not been cleared. If by mistake any such bill has been included, I shall certainly not move its consideration.

Mr. President, I now move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 10 o'clock and 46 minutes p. m.) the Senate took a recess until tomorrow, Thursday, May 5, 1955, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

WEDNESDAY, MAY 4, 1955

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

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

O Thou God of all mercy and pardoning grace, may our prayer at the morning hour of this day be one of contrition and of confession of our many sins, our faults, and our failures.

We penitently confess that we are frequently more concerned about coming to Thee for help in a situation that is too much for us and badly wrong than we are for holding fellowship with Thee and proclaiming Thy glory.

We beseech Thee that our spiritual revival and resurgence of faith and return to Thee may not be because we are afraid and at our wits' end, but may it be because we have been inspired by a deeper love for Thee and a nobler appreciation of Thy greatness and goodness.

Grant that our longings and prayers for universal peace and an end of war may not only be due to our hatred of bloodshed and suffering and destruction of property and disturbance of business, but, above all, may it be because we feel the tragedy of spirit that is unbrotherly and un-Christlike and contrary to Thy divine love and righteousness.

Hear us in the name of the Prince of Peace. Amen.

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

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. SIEMINSKI, for 3 days, due to a death in the family.

RESEARCH, DEVELOPMENT, AND UTILIZATION OF SALINE WATERS

Mr. BOLLING, from the Committee on Rules, reported the following privileged resolution (H. Res. 231, Rept. 480) which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 2126) to amend the act of July 3, 1952, relating to research in the development and utilization of saline waters. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interior and Insular Affairs, the bill shall be read for amendment