

*Printed in Congressional  
Record, June 23, 1953,  
Vol. 99, No. 114, Beginning p.  
7271*

A CALL FOR INTERNATIONAL TRADE  
by  
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Mr. President, I intend to speak today on the problem of reciprocal trade. I want to set forth the reasons why a broader, more lenient, more stable United States trade policy is imperative, for our economic welfare and our ultimate national security. I want to set forth the dangers in undermining the reciprocal trade program as the Simpson Bill would like to do.

I want to explore the difficulties, as well as the benefits, of a more liberal trade policy. I want to urge on this body a consideration of American trade policy which places our world trade in what I believe is its proper perspective in the midst of our international and domestic economic problems. Finally, I want to urge certain specific needs of American trade policy.

I am going to begin with a review of the chief reasons for believing that a broader trade policy is essential to American security and welfare.

But let me first make one observation, which I hope the Senate will bear in mind as I discuss the arguments for expanding American trade.

That observation lies behind everything I am going to say today, and it is this: the decision we make on American trade policy this year will actually be a decision on world trade policy - and it will likely be irrevocable.

1) Our decision will profoundly affect world trade because American trade today totals 35% of world trade. Our decision cannot help but affect the trade and economics of the entire world - including the Soviet bloc, which is watching us carefully. The free world, and to a large extent the entire world, is an economic unit today. This means that our decision will not be a decision of this moment alone - it will bind us and will affect us for years to come. The effects of commerce are endless and the consequences far-reaching. They will return to us again and again.

2) Our decision will likely be irrevocable. For the past year, particularly, the other commercial nations of the world have been watching our leadership, waiting for our lead. If we do not ourselves lay the foundations on which stability of trade can be built, they will reluctantly turn elsewhere to trade. They will make adjustments in their economies. These adjustments will be fundamental. So let me say soberly that the markets we lose will not be easily regained. They may never be regained. Many of our trading partners feel that it is now or never for them - if they are to adjust to new avenues of trade they must do it now.

We will have to consider our future trade policy dispassionately and soberly. But there is also a sense of urgency behind our decision; for this may be a real turning point in world trade.

Let me now take up, point by point, the main, broad reasons for a more liberal trade policy.

## I. OUR NEED FOR EXPORTS

Much of American industry today depends heavily upon continued exports of manufactures and finished products. In 1951, 52% of American exports consisted of manufactures and finished products, exclusive of military items. Manufactures today represent the heaviest percentage of American exports. These exports of finished goods were worth \$10.2 billion in 1951, and represented heavy percentages of the total output of many American industries.

The automobile industry has long favored lower tariffs and higher trade. Textile machinery; machine tools, agricultural implements, printing, oilfield machinery; diesel engines, trucks and tractors are among our more important exports. Clearly, the industries which manufacture these goods are vital, capital goods industries - the industries upon which our economy ultimately depends. They are the industries which are generally the first to feel the effects of depressions, next to the milling and fabricating and construction industries.

These industries today are in a highly significant degree dependent upon export markets. It is clear, therefore, that so is much more of our economy: including primarily those even more basic industries which supply them with steel and other basic products.

## II. OUR NEED FOR RAW MATERIALS

Many of these basic industries are heavily dependent upon imports for crude and raw materials. In 1951, roughly 54% of American imports consisted of crude and semi-manufactured materials. These are vital to American industry -- they are vital to American security.

Today, 40 of the 72 minerals listed by our government as "strategic and critical" are obtained chiefly through imports. The fact is that the United States is steadily becoming less self-sufficient, due to the growth of our population and consumption, and the depletion of our natural resources. As the Report of the Paley Commission, a distinguished non-partisan commission established to study our resources, put it:

By the midpoint of the twentieth century we had entered an era of new relationships between our needs and resources; our national economy had not merely grown up to its resource base, but in many important respects had outgrown it. We had completed our slow transition from a raw materials surplus nation to a raw materials deficit nation.

The Paley Commission went on to point out that by the year 1975, our mineral requirements will be 90% higher than they are today - and that we will have to look abroad for these minerals.

It is true that, for the most part, American tariffs on raw materials are rather low today. It is not likely that we will need to lower many duties further. But we should be in a position to guard against the raising of duties, and this calls for extension of the Reciprocal Trade Agreements Act. We should not forget that a small increase in the cost of basic raw materials to manufacturers, means a much larger increase in the prices of finished products. It has been said that an increase of two cents a pound in the average cost of our basic metals would increase the national bill by about \$2.5 billion each year.

The fact is that we cannot hope for self-sufficiency in our raw materials today. And the requirements of our economy are such that there is little danger of discouraging domestic production of key minerals, even if we lower the tariffs on foreign goods. We should continue to encourage imports, and should be stockpiling against an emergency when we would have to rely upon domestic production.

### III. FARM EXPORTS

The effect of reciprocal trade upon the American farmer is not all one way; but certain segments of our farm economy are highly dependent upon it. In 1951, our agricultural exports totaled \$4 billion, or one eighth of the total cash receipts of American farmers. Of this, exports of wheat and cotton were each one third of the total crop, and exports of several other grains were not far behind.

The nations of Western Europe have had to rely increasingly upon imports of food from the . . . dollar area since the last war.

Population increases in onetime colonial areas, plus the gradual industrialization of those areas have meant that these areas no longer export as much food as they used to. This is a permanent and continuing situation - western Europe must look elsewhere for food.

We can continue to sell food and agricultural products to Western Europe - and thus relieve our own surpluses and maintain the prices of certain of our agricultural products - as long as we are willing to reduce other trade barriers so as to allow Europe to sell other goods in our markets. But if Europe cannot sell finished and semi-finished goods in our markets, then she will have to buy grains and other foods elsewhere. At this moment the British are negotiating with the Russians for large grain imports - imports which she would otherwise obtain from the United States.

∟ Already, Europe is developing alternative sources for the agricultural goods she has been buying from American. Australia, Africa and Turkey are making a real bid to replace the United States in our traditional farm

export markets. If this new pattern of trade is established, the American farmer will be hard hit.

This is the choice we face: we can lower certain tariffs and accept more European goods, or we can sacrifice our agricultural exports to high tariffs. For the most part, the American farmer is able to compete in world markets. So, for the most part, is American industry - but we are sometimes reluctant to recognize that American industry can compete. This costs our farmers plenty.

#### IV. EAST-WEST TRADE

Since the War, and since the Communist coups in Eastern Europe, the whole pattern of pre-war European trade has been disrupted. Western Europe must find a way to make up for this loss of trade with East Europe - and the large American market is virtually the only adequate place left.

In this situation, the consequences of a high tariff policy in the United States are tremendous. A recent survey by the United Nations

shows that, while the Communist satellite States are by and large meeting the goals of their 5 year plans, the conomy of Western Europe is slumping badly. As a recent NEW YORK TIMES article pointed out,

This is not because recovery in Western Europe has been illusory ... but because the deterioration in Europe's position in the world economy has been far greater than was appreciated when the post-war recovery plans were established...

The failure of Western Europe to develop alternative sources for dollar supplies of food and raw materials, the unwillingness of the United States to offer Europe larger and steadier markets for manufactured goods, and... the vast misdirection of investment in such areas as Australia, Latin America and dependent overseas territories, have all contributed to worsening Western Europe's capacity to maintain its standard of living and employment of its people...

The survey also points out that the choice for Europe implies a choice for the United States also. The United States can accept more imports or accept a cut in its farm and industrial exports...

Meanwhile, if European production is not encouraged - in part through the provision of expanded export markets - the total production of the

Soviet Union and its satellites is expected to be superior to that of Western Europe within ten years.

As a part of our Mutual Security Program, we have embargoed a large part of Western Europe's trade with Eastern Europe. Communist Eastern Europe has embargoed some more of it. But the Communists are now ready to trade with Western Europe - even if they have to make sacrifices to do it. It is a part of their long-range plan to stir up trade wars between the Western Nations, and to split off certain Western European countries economically from the rest of the free world. There can be no doubt but that continued high tariffs in this country help that plan directly.

Let us make no mistake about it -- the Soviet Union will make big concessions in order to get the pattern of world trade started in her direction. She will make concessions which, for the moment, are uneconomic from her point of view. But these concessions will pay off politically in the long run. They will assist her in the process of splitting the free world apart.

*Cite  
Trade  
agreements*

We are going to have to counter the Soviet bid - either that, or find ourselves economically, politically and militarily isolated in the not-too-distant future.

V. TRADE OR AID?

The Western European economy is vital to our own security. By 1955, at the end of the current Soviet Five Year Plan, the production of Western Europe may well spell the difference between our victory and our defeat in the Cold War. We have two choices - we can continue to pour aid into Western Europe, in order to keep their economies artificially afloat; or we can lower tariffs, encourage trade, and thus assist the European economies to find their way without American subsidies. There is, of course, a third choice, and that is to let these nations *expand* trade with the Soviet, become economically dependent upon the Soviet, and eventually to lose the productive capacity of Western Europe to the Soviet. *I trust this alternative will be rejected. It could be disastrous to the U.S. + the free world.*  
~~But~~ it seems far more sensible to trade.

It has been well demonstrated in the past that lowering tariffs alone will not mean flooding American markets with these European specialty items. The fact is, that while these items may compete in price with American-made items, they still have to be sold to Americans. In a high-powered market like ours, price is not always the major factor in competition in many items. Salesmanship is often equally important. We can expect American enterprise, which has developed salesmanship far beyond the industry of any other nation, to hold its own, even with lower tariffs. Lower tariffs will only open the door to European industry. It will still be up to Europeans to get their foot in the door and sell to Americans.

Failing this step, we shall have to continue to subsidize Europe through the American taxpayer. This is not fair to the American taxpayer, or the American consumer. And neither will the Europeans like it. Perhaps some may decide that there is little to choose between the dole, and the more certain way of doing business with the Soviet. For the Europeans it is a question of survival.

VI. STANDARD OF LIVING AND EMPLOYMENT

Foreign trade is vitally important to our own standard of living, and is of considerable consequence to high employment in the U.S.

Trade is vital to the standard of living of any Nation for the simple reason that it promotes more efficient production. It does this for two reasons: 1) it means that we can concentrate on those goods which we produce most efficiently because of local or historical factors; and 2) it promotes competition. Such competition need not be ruinous - it can be controlled, for nobody wants to eliminate tariffs altogether. But it is important that we gain the benefits of the specialized and most efficient production of other Nations, and thus be able to concentrate on that production which we ourselves accomplish most efficiently.

Trade is also important to high employment. In the first place, we know that high employment in a free economy is attained when the standard of living is rising - and trade raises the standard of living through promoting efficient production.

Secondly, trade is vital to high employment because, under our present pattern of production and industry, the American economy is highly dependent upon certain imported goods for many of its products. If we were unable to obtain these imports, we would be unable to produce at our present quality or quantity many of the things we now produce. Thus, if we were unable to obtain these imports, American industry would have to undergo vast readjustments. The consequences of these readjustments would be to lower our standard of living, with severe effects upon employment.

Yet, if we do not expand our trade through lowering some tariffs, we may lose the very imports upon which we now depend. For those countries from which we import may set up their trade relationships elsewhere, since their sales to us are restricted by tariffs.

Or, further, our refusal to trade may lead once again to the type of economic nationalism which prevailed between the Wars - and which would mean severe retaliations upon our trade, perhaps cutting us off

from vital imports, and forcing our level of employment and our standard of living down.

VII. THREAT TO FREE ENTERPRISE

I want to follow this subject a bit further. Today, our exports represent 20% of all the world's trade; our imports 15% of that trade. The effects of our trading policies are thus severe in their capacity for good or harm to the world economy. The refusal of the United States to trade on a sufficient scale would probably lead to the drying up of world trade, and a reversion of world trade to the old inter-war ?? pattern.

That pattern was characterized by regimentation and controls - by the substitution of politics for economics as the paramount element in world trade. It meant that Governments, rather than businessmen, negotiated in the world market. And this meant that every business deal between governments was a major political event - an event which vitally affected and often weakened the political peace of the world.

The clogging of the channels of world trade <sup>inevitably</sup> ~~must~~ lead to this.

~~For~~ foreign businessmen will go to their governments for protection and for aid in retaliation against our tariffs. Governments will then take over world trade - at first through tariffs, import quotas, exchange controls and blocked accounts - and later through simply doing the trading themselves.

The enforced stagnation of world trade thus means increased government control over trade - it means the regimentation which we Americans abhor. If we are interested in more free enterprise in Europe, we can promote it by promoting world trade - ~~for~~ State socialism has stemmed in the past from the breakdown of that trade.

And let me warn further - that we ourselves - American businessmen - may not unfortunately escape that regimentation and socialism. For, in a period of world insecurity, the American economy will have to make drastic adjustments if it is deprived of essential imports. It will be necessary to get production of essential items immediately. And this is going to mean government regimentation.

What this means is that the problems of capitalism and freedom of enterprise are international - just as our political problems are international. Let us hope that politics can be kept out of enterprise and world trade. But they cannot if world trade fails.

I am going to deal with the problem of the Soviet Union in a moment. But let me say now that the situation I have painted is the situation the Kremlin waits for - and we have the word of the Communists for that, beginning with Karl Marx, and ending with Stalin and Malenkov.

#### VIII. OUR INVESTMENTS

We have huge investments in the economic well-being of the rest of the world. Since World War II we have spent over \$41 billion on foreign aid, and have invested considerable sums in the World Bank and the International Monetary Fund, not to mention the United Nations and its associated agencies. It seems only sensible to protect those investments, and they can best be protected by an expanded world trade policy. In fact, failing an expanded trade, those investments may well be forfeited.

For it is perfectly plain that we cannot expect continued economic recovery in Europe - where most of our foreign aid investments are - without expanded trade.

In the last two to three years, economic recovery in most of the Western European nations has slowed sharply. There have been several reasons for this, including the failure of much of Western European industry to adjust to new needs and demands. This has been in part because of inertia, in part because of misdirected investments, in part because of inflation which has misdirected essential investments. But there has also been another reason for the slowdown in economic recovery - and this has been the failure of world trade to live up to expectations. The chief reason for this has been the stringent conditions of trade with the United States. High tariffs, complex

customs regulations, and the uncertainty of tariff reductions under the recent "peril point" provisions have made it terribly difficult for Europeans to trade with us. And, in consequence, our investments in European recovery have been severely jeopardized.

Let us not forget that those investments are something more than mere altruism. They are investments in our own self-interest -- in the ~~future~~ markets which American business and American farmers need now, and may well need even more in the future. We shall lose those markets for the future if we do not trade now, and we shall thus lose our gigantic investments in European economic recovery and in the economic development of many other areas of the world.

Neither can we expect continued economic development from the backward areas of the world -- or strong and continued resistance to communism from those areas -- unless they are able to trade. Our Point 4 investments are also at stake.

IX. COMMUNIST GOALS

These, in outline, are the trading needs of the United States and of the free world. I do not believe they can be separated -- it is as clear as can be that our trade needs concern not only ourselves alone, but the entire free world. Not only our immediate needs are concerned, but also our future markets, our future strategic imports, and our future national security, viewed in the light of the economic stability of the entire free world. If we starve our allies, we shall only starve ourselves in the long run. This is the economic position of the free world -- and it is a position of mutual dependence.

This becomes even clearer when we look at the announced theories and intentions of the other half of the world. Let me say a few words about this.

The problem of the extent to which the leaders of world Communism are bound by their own dogma is probably an insoluble one for us. No doubt, they do not make every decision by consciously asking themselves what Marx, Engels, Lenin, and Stalin had to say on the problem at hand. But nevertheless, all Soviet decisions take place in the light of past decisions and planning, and all these are to some extent based on the Marxist dogma. And certainly, the announced plans of the Kremlin are important for us to bear in mind when we make our own decisions on foreign policy.

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. The key objective, in Stalin's revolutionary theory, has been to attack world capitalism at its weakest link.

There were, for Stalin, two main points of attack on the free world. One of these was the colonies. Stalin believed

colonialism resulted in one "contradiction" of the capitalist system -- it gave rise to colonial revolts, by which Communism could benefit. Hence the Communist wars and trouble-making *malaya* in Indo-China, Iran, and other areas.

The second point of attack was to be through rivalry for trade and markets between advanced free capitalist nations -- what Stalin called the second "contradiction" of capitalism. It has been a long-time Communist objective to split certain nations away from the free world, wherever they could do so.

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 who had cast their economic and trading lot with the United States.

Then, 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 that hinted broadly at a coming change in Soviet foreign policy. Just before the Congress, Stalin published an article in BOLSHEVIK -- the major theoretical journal of the Communist Party.

There are several interesting things about this article. The significant thing for Americans, and the thing which skilled western observers quickly noted, was that in two chapters of this work Stalin laid down the line for a change in the tactics of Soviet foreign policy.

In these chapters 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.

*Germany  
+  
Japan  
Korea  
Truce*

#### X. THE SOVIET ECONOMY

Last fall, at the 19th Communist Party Congress, the Soviet Union launched a new Five Year Plan. In that connection, the then General Secretary of the Communist Party and now Premier,

Georgi Malenkov, gave a five-and-a-half hour speech, in which he reviewed the state of the Soviet economy.

The Soviet economy today is at the highest point in its history. In the seven years since the war, Russia has tripled production of pig iron, steel, electric power. It has doubled its production of coal, and increased production of petroleum 15% above 1945. It seems likely that heavy industrial output in the Soviet Union today is roughly double that of 1940.

This vast expansion was achieved at considerable sacrifice in consumer goods, however. Production of shoes and cotton textiles increased only 20% and 30% in the same period, and food production increased hardly at all. Yet, at the same time, the Soviet population has increased nearly 10%. Obviously, the consumers' sacrifices have been severe. Experts believe that Soviet military production today may very well exceed United States military production. There can be no doubt as to

the direction of the Soviet economy. And, under the new Five Year Plan, the Russian economy will turn still more sharply to military production.

Two months ago FORTUNE magazine published an extremely valuable and revealing account of this plan -- a Five Year Plan of which two years are "retroactive," and which is scheduled to end in 1955!

This article reveals that the Soviet Union plans "to increase military expenditure until it at least doubles that of 1950, and surpasses the heaviest Soviet World War II outlay." It reveals that the Soviet plans an army of perhaps double the size of the American army today. It reveals that the Soviet plans to increase gross industrial output by 70% over 1950. It reveals that the satellites are to double their output over 1950.

It also reveals that this cannot be done without some

severe strains. The Plan has led to extreme conflict between the need for military goods and consumers' goods in the Soviet Union. Given more time, Russia might settle this conflict.

The Soviet transportation system is seriously inadequate, especially while Russia has to supply China and the Far East with arms and industrial output. Given more time, Far Eastern industrial potential could be improved -- and given peace, <sup>in Korea</sup> China could trade with Japan.

Present production plans in the satellite states call for wasteful duplication of industrial development among those states. Given time, some of these economies could be more fully integrated.

Russia is short of some essential raw materials, such as tin, nickel, rubber, and oil. The satellites are much worse off for several raw materials. If they are to fulfill their production plans, they will have to get raw materials and

labor from somewhere. But where?

The answer is, trade with the west, if such trade can be made possible. The East European countries in particular, miss the trade which they have historically carried on with Germany. Communist China also, has suffered from the loss of historic Chinese trade ties with Britain and Japan. Russia is caught in a squeeze in trying to supply both Eastern Europe and the Far East, and she finds her transportation system unable adequately to bridge the vast distances between industrial western Russia and her Chinese dependent.

Communist trade with the West can help the Soviet solve her difficulties. And, what is more important, Communist trade with the West can be the Communists' most effective weapon of economic warfare.

If this analysis is correct, then Communism will now seek, by every means at its command -- and there are many -- to

promote disunity among the free nations. This means, primarily, economic warfare.

XI. A PROGRAM TO COUNTER THE SOVIET

I give this description of Communist policy simply to show that the problems of the free world -- and of the free enterprise world -- are in fact international. They are international because all of the free nations are dependent upon others not only for markets, but for essential raw materials. They are international, in the second place, because the Kremlin makes them so -- the Soviet will keep the pressure on, and will try its best to split us from our allies. In doing so, it will rely heavily upon economic inducements.

In the middle of April, you may remember, the United Nations sponsored a series of economic conferences between East and West at Geneva. At these conferences, the Russians followed up their new line of foreign policy with some very

solid inducements to the West. I should like to read a few lines from a report on this conference by Michael Hoffman, the economics expert of the NEW YORK TIMES, under the title "Soviet Shrewdly Capitalizes on West's Trade Troubles."

"As more details of last week's trade consultations (in Geneva) between nonpolitical officials of Eastern and Western European governments became available evidence has accumulated that the Russians and their allies are now playing a shrewd game designed to capitalize on the growing frustration in Western Europe over the United States' trade policy.

"Instead of forcing the Western Europeans into line with the United States by trying bluntly to squeeze out of them goods that flagrantly violate the common Western rules about shipping strategic items to Communist countries, they are concentrating on precisely those items on which the United States tariff is highest. Almost without exception the attraction to Western officials of these discussions...consists in the fact that outlets for products that cannot be exported to the non-Communist world are becoming dimly visible in the East."

I ask unanimous consent that the whole article be printed in the body of the Record at this point.

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.

One way we can do this 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 -- these nations may have to turn to their Soviet neighbor for trade, and they will then be swallowed up.

Let us further remember that those nations who have to depend upon trade with the Soviet will have to conduct much

of their trade through their governments. Eventually, this means government controls. 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 the political leader of the free world, should recognize this fact.

During this period of the <sup>so called</sup> Soviet peace offensive our foreign trade policy is an absolutely vital aspect of our entire security program. 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.

## XII - AN IMMEDIATE PROGRAM

Now, in the light of the importance of world trade to American security and American welfare, what are our needs at this moment? What can the Congress do now, and what should we do to prepare for the future?

Let me look briefly at our trade situation with our principal allies today. Protectionists among us are saying that the average of American tariffs today is  $12\frac{1}{2}\%$ . This is true, of course - but an average tariff is not very meaningful. What counts, to those nations who must trade with us, is how high the tariffs are on those goods they have to sell.

The average tariff on Great Britain's main exports to this country today is about 35%. And the same thing is true of the principal exports of other Western European nations to this country. An average tariff of  $12\frac{1}{2}\%$  doesn't mean much to them - for our high tariffs are directed against their goods.

This is part of the story. The rest of the story is that European exporters and world trade suffer badly from our complex and outdated customs regulations. There is no need for me to describe the terrible state of our

customs laws. They are, in fact, indescribable. The basic act dates from 1930, and is hopelessly out of date. Today it often takes years to clear goods through United States Customs, and our Customs Court is so clogged with litigation that cases take years to settle. At present, the Court has a backlog of 80,000 cases. Many exporters simply decide not to bother trying to sell in our country, and many American importers lose thousands of dollars in every year because of this hopeless tangle in our customs set-up.

So there are two immediate things we can do. We can extend the Reciprocal Trade Agreements Act for at least another year, so as to leave the door open for tariff negotiations, and so as to maintain confidence and stability in world trade. The second thing we must do is enact a customs simplification bill. These two measures will answer the immediate needs of world trade and American security.

What can we do to prepare for the future? We can establish the proposed commission to study our foreign economic policies. I strongly urge the Congress to breathe life into this proposal, although I am not uncritical of the proposal as it stands. Later - in another speech - I shall have more to say about the proposed commission. For the present, let me make the most

constructive suggestions I can regarding it.

The scope of the proposed commission is broad. I am afraid it ~~is~~ *maybe* too broad, as it stands. I do not believe that an adequate study of a field so broad can be made in <sup>one</sup> a year. The only way for us to get an adequate and manageable study before the Congress by next year will be for the Commission to emphasize certain immediate problems, and to devote the bulk of its work to those problems.

What are those problems? These, I believe, are the chief ones:

(1) I hope the Commission will emphasize a concrete study of just what goods the United States should and can import. What products do we need most? What imports will not put American <sup>agriculture and</sup> industry at a real disadvantage?

I might point out, that this was one of the very purposes of the Reciprocal Trade Agreements Act. This is how Cordell Hull described the operation of that Act:

The Trade Agreements Committee...surveyed the foreign-trade field to see which countries offered the best prospects for negotiations. It set up a number of 'country committees'. Each country committee was assigned a specific foreign nation. It studied our trade with that nation, to see which imports from her could receive lower duties without competing unfairly or injuriously with our own domestic industry or agriculture, and which of our exports should receive lower duties from her by way of compensation. It studied the tariff system and the quota or exchange control arrangements, if any, of that country. Finally it made its recommendations...  
(Memoirs, I, 366-7.)

In its study over the coming year, the administration will be able to do for our foreign trade as a whole what was done for particular nations under the Reciprocal Trade Agreements Act. I would hope that the administration's commission will come up with recommendations just as specific.

(2) There is something else this commission could do, and that is to study actual methods of rewriting our tariff law. Certainly it is time that the law was rewritten. But to do so is a tremendous task. Many of us will have read the statement of the late Senator Vandenburg, that:

Tariff rate-making in Congress is an atrocity. It lacks any element of economic science or validity. I suspect the 10 members of the (present) Senate, including myself, who struggled through the 11 months it took to write the last congressional tariff act, would join me in resigning before they would be willing to tackle another general congressional tariff revision.

(Cong. Record, 1948, 8324)

That statement was quoted in the Report of the Bell Committee. That Committee recommended that Congress pass a broad statute, setting up standards within which the President, acting through a commission, could more scientifically revise the tariff law. I am not sure I am willing to accept this recommendation, though it has much to recommend it. I would like to see the administration itself, through the commission which the President intends to appoint, further consider this problem of revising

our tariff laws.

(3) I hope the Commission will make a thorough study of the operations of the Tariff Commission, and will suggest to the Congress more definite standards by which the Commission might operate.

There is ample precedent for Congress' writing firmer standards into the operations of an independent commission. As we consider these standards, perhaps we shall give more intelligent thought to the problem of where the responsibility for our foreign trade policy should rest. Should it be chiefly with the Congress? With the President? To what extent should it rest in the Tariff Commission? We know that our foreign economic policy is vital to the whole of our foreign policy. Let us now give some thought to the problem of who is to make that policy.

Partisanship in the Tariff Commission is not the answer - for partisanship can cut both ways. It destroys the stability of our foreign trade policy - and trade requires stability. I would rather we faced the issue of foreign trade squarely - rather than trying to place the responsibility in a non-elective body. Let us at least decide where the responsibility will lie.

To sum up! Let us extend reciprocal trade for a year and give the free world a chance to trade. Let us revise and simplify our customs laws, to the same end. And let us in the meantime have a Commission that will give our foreign economic policy the broad view it deserves - a Commission that will view our foreign trade in the light of our foreign policy and our world responsibilities.



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