

There is a way

to return the control

of tariffs to Congress

DON'T GIVE

OUR AMERICAN MARKET AWAY

By Senator George W. Malone

WE NOW HAVE the prospect of Eric Johnston moving in with his Cox's Army of 600 to 700 employees, trying to intimidate Congress to extend the very thing that is destroying the United States of America, namely, the policy of easy imports of the products of \$2.50-a-day labor, with the help of American capital, which is encouraged to go abroad to build foreign plants and then ship their products back into the United States, duty free.

It does not make very much sense.

We have been confronted with a request which the President, through Secretary Weeks, has sent to the Congress. In private life, Secretary Weeks was in a business in which he could not have lived

for 30 days without the existence of an adequate duty or tariff, to make up for the difference between the wages and cost of doing business in the United States and the wages and cost of doing business in the chief competitive nations.

Now the President has requested a *five-year extension* of the 1934 Trade Agreements Act, as extended to June, 1958. The present administration is the first free-import administration the Republicans have ever had in the nearly 100 years of their history, beginning with Abraham Lincoln.

The free imports advocates, supported by the low-wage foreign nations, work around the clock. In 1934, they were able to pass the Trade Agreements Act—so-called "reciprocal" trade—as an emer-

gency measure for 3 years. This act has been periodically extended, until it now expires in June of this year.

There has been developed a piners movement to destroy the economic and social structure of this nation, of which the free imports act is only one part.

THE FOLLOWING major moves were methodically made to accomplish the purpose:

First: In 1933, Congress took this nation off the gold standard, thus removing the only stabilizing anchor that our money ever had. Uncontrolled inflation was the inevitable result.

Second: The 1934, Trade Agreements Act transferred the constitutional responsibility of the Congress to regulate foreign trade, through the adjustment of the duty or tariff on imports, to the Executive, with the power to transfer that responsibility to foreign competitive nations at Geneva, Switzerland, which he did in 1947.

Third: The billions of dollars to Europe and Asia, about \$70 billion since World War II—beginning with the three and three-fourths billions to England in 1946—the Marshall plan in 1948, and successive plans.

Fourth: Four official organizations, largely financed by this republic, were created for the sole purpose of promoting American investments in foreign countries to

utilize cheap foreign labor in the production of goods to send back to America *under the free imports act.*

The organizations include: The Import-Export Bank; the International Bank; the International Monetary Fund—organized by Marxian Harry Dexter White and the International Finance Corporation.

Only one of these moves was placed before the Congress at a time. Never are they mentioned together so that it can be called a co-ordinated plan.

We are the only nation in the world today that does not protect the jobs of its workingmen or the domestic investments of those who invest their money *in America.*

There are two gimmicks involved in this matter. One was brought about when the 1934 Trade Agreements Act transferred the constitutional responsibility of Congress to regulate and to adjust duties, imports, and excises on imports—so-called tariffs—to the President, so that the *teeth of the Tariff Commission were pulled.* The Commission has no more authority over that matter than the man in the street. All the Commission can do is make recommendations to the President.

Testimony given by Mr. Dulles before the Finance Committee, brought out by my questioning, was that, if the President believes that through the sacrifice of a part

of or an entire American industry—whether textiles, machine tools, livestock, or whatever industry it is—he can further this Government's foreign policy in securing agreements and treaties, then he may do that.

Never before in the history of the United States has such a proposal even been suggested, nor has such a proposal ever been put through the Congress.

Secretary Dulles also testified that, through the 1934 Trade Agreements Act, the President had full authority to transfer this authority to Geneva, Switzerland, under the auspices of 36 competitive foreign nations, organized as the International General Agreement on Tariffs and Trades, or GATT.

Article I, Section 8, of the Constitution gives Congress the power to regulate foreign trade. Until the day comes that we take the profit out of the low, sweatshop wages at the water's edge there will be no fundamental change in the wages in the foreign countries. The American investors are working with the foreign investors of those countries, and they are running those countries through kings, queens, and dictators. By holding the wages down in those countries, using *our* machinery and know-how, they can bring the products here and sell them for whatever the traffic will bear.

All the colonial possessions of the world were founded by greedy

mother countries that forced raw materials to come to them as cheaply as possible, held down wages and costs of processing and manufacturing the material, and forced the colonies to buy back the finished products, not allowing them to have any manufactures at all.

It is still *our* American market that Great Britain prizes. It is the American market that all nations with whom we trade prize. It is the market that the 36 foreign members of GATT prize, one which our State Department has, in large measure, given them. It is our market that the State Department now wishes to give more of to these GATT nations. It is our market that the supporters of the 1934 Trade Agreements Act gave them in large measure, and the market that has been given them in progressively larger measure, in each of the successive extensions of that act.

OUR TARIFF and foreign-trade policies are established not by our sovereignty but by 36 foreign nations, each with one vote, devising and maneuvering our foreign-trade policy at sessions of GATT, meeting in far off Geneva, Switzerland.

At 12 separate sessions, since 1947, delegates to GATT have adroitly schemed ways to divide our wealth and markets with countries, commonwealths and colonies around the world, and with their

conclusions and their policies our State Department has concurred.

This is not independence. It is not economic independence, industrial independence, moral independence or political independence. It is subjecting our citizens to the purpose and whims of 36 shifting, uncertain, and—frequently—covertly if not openly, antagonistic foreign governments.

When we become dependent upon a foreign nation for something, we cannot fight without—especially something outside the hemisphere and across a major ocean—we can be blackmailed in peacetime into further agreements and business treaties, and in wartime compelled to do anything foreign nations wish us to do, because we cannot obtain the materials.

We do not create technical knowledge and skills through free imports of cheap labor goods in competition with our own workmen and investors. We certainly can not do it by substituting foreign production and the product of foreign skills for our own, which is the objective of free trade, free imports and free traders. Nor, can they be created overnight by merely voting billions of dollars while mines, mills, and factories throughout many areas of the nation are curtailing output or closing down because of the free import policy of our State Department and other non-military agencies in our Government.

THE PURPOSE of these agencies is to increase imports, either directly, by removing tariffs or rendering them innocuous; or indirectly, by encouraging or financing competing industries in foreign countries to produce a greater flow of imports, thus crushing American industry and enterprise, so vital to our defense.

What it does is to crush the workmen and investors of America. That is what the Congress of the United States is debating. Senators rise on the floor of the Senate and complain of unemployment. Unemployment where? The mines are closed down. Textile mills and factories are closing down. Why? Largely because of American investments abroad, encouraged by the four organizations I have already mentioned. We encourage them to take their money abroad and to use it to pay \$2.50-per-day labor and \$3.50 labor, to make the materials which are brought in and sold from our shelves. It is impossible to make monkey wrenches in the United States today, when it is necessary to pay \$16 or \$17 a day, as against American machinery and know-how in foreign countries, with \$2.50 labor.

The Internationalists wish to push the nation further and further during the next five years toward the brink of complete free trade, so that more and more foreign raw materials and more and

more foreign manufactured goods—metals, textiles, electrical products, precision instruments, and I could name a hundred other products—may pour into this country to flood our markets and supplant our miners, millhands, artisans and mechanics.

Why? Because our European “friends,” just as they did in 1776 and throughout the existence of this Republic, *want our markets*; and our State Department—for the past 22 years—has felt that in the interest of our foreign relations, our markets should be given to them.

This nation fought two wars to win our independence and for 158 years, or until 1934, our statesmen sought to preserve it. Since 1934, it has been progressively whittled away. Five more years of economic disarmament such as is now proposed, and where will we be? How much more of our independence will we have forfeited, and how much more will we be dependent on foreign nations for our survival?

ECONOMIC disarmament of the United States is precisely what Soviet Russia wants, what Red China wants, what the entire Communist world wants; what, in my opinion, many of our trade competitors in the so-called free world also want—and which they have been striving for throughout our history. Economic disarmament of rival nations and peoples is what

every predatory power has always wanted, but this is the first time in history that a country of free people has been advised by some of its officials in government to destroy or disarm their own economy, which is the object of our free import policy.

For 23 successive years, administrations have been obsessed with the fallacy that our life, our economy, our wealth, and property are dependent on our foreign trade. From some of the publications of the Commerce and State Departments it would seem that nothing else matters; we must encourage more imports.

We must turn this great nation into a dumping ground for all the wares of Europe and the Orient, good products, poor products, junk and shoddy, it does not matter, just so foreign stuffs clog our markets.

What if our mines do close down, throwing thousands of miners out of work or on part time? What if our textile mills, or scores of other plants and factories, have to shutter, bringing distress to whole communities? What if American jobs are given to coolie, peon, and sweatshop foreign labor and the products of this cheap labor do supplant those of American workers in our markets?

Now foreign trade is not all bad, and it is definitely not all good. I take the position that trade which brings distress to American work-

ers and communities and restricts the development and advancement of American industries—or which lessens our national defense capacities—is detrimental to our Republic. I have *never* objected to foreign trade conducted on a basis of fair and equal competition. In other words, I draw a distinction between *sound* foreign trade and *destructive* foreign trade, which our State Department and its free-trade champions do not. To them all foreign trade is wonderful.

THERE is no question that if the free and unrestricted imports continue, our nation will be headed for the level of wages and living conditions in European and Asiatic countries. When we reach that level, it will be too late to do anything about it. We are on the way.

In 1934, the Congress abdicated its responsibility to the people as expressly stated in the Constitution—Article I, Section 8—and turned over its powers to regulate tariffs and the national economy to the Executive.

The Executive passed it on to the State Department. Actually, it was the State Department which made the treaty.

In 1947, the authority was transferred to the General Agreement on Tariffs and Trade, more familiarly known as GATT.

The United States, as do the 36 other foreign countries, sends a del-

egation to GATT to assist in dividing up our markets with every low-wage country of the world—*but not one single American elected official is a member of that delegation.*

As for GATT, itself, Congress has no official cognizance of it. *It has never been submitted to Congress* for approval or rejection.

The Washington bureaucrats come in left-handed, with what is called the OTC—the Office of Trade Cooperation. If you approve trade cooperation, you approve GATT. If you do not approve it, well, the other nations will continue, anyway, to get our assistance under the old 1934 Trade Agreements Act. This was testified by Mr. Dulles under my questioning in the Senate Committee on Finance in 1955, when the act was renewed for 3 years.

The entire GATT operation is completely insulated from any vote or votes by any American citizen. You cannot vote for or against the United States delegate at GATT even should he turn your job over to a foreign worker or destroy your industry, because he is not an elected official. He is a State Department underling.

You cannot express your satisfaction or dissatisfaction with any Member of Congress because of what GATT may do to you or to your business, because no Member of Congress participates in these 37-nation sessions, nor, for that

matter, have we ever been given an opportunity to vote for or against this international monstrosity itself.

THE AUTHORITY now transferred to Geneva, for the regulation of our foreign trade and national economy by 36 competitive nations, *will—unless this Congress extends the Trade Agreement Act again—automatically revert to the Congress* of the United States. Then *all* the multilateral agreements and bilateral agreements—as made by our Secretary of State, who worked for Dean G. Acheson until the Republican administration took over the Government—will also fall, void, by the wayside.

Then all tariff authority will automatically revert to the United States Tariff Commission, under the 1930 Tariff Act—which provides that the Tariff Commission shall determine the cost of producing an article or a similar article in the chief competitive foreign nations.

The Commission will be able to do that every day or every six months or every two years, at the invitation of the President, at the invitation of a Congressional committee or at the request of a supplier or seller.

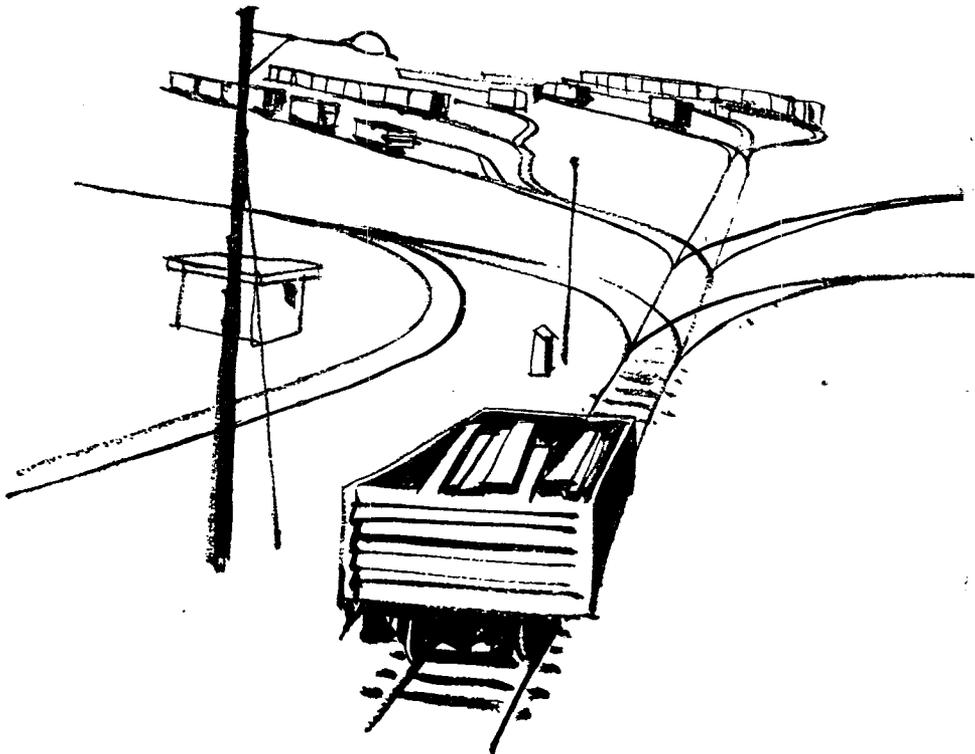
Moreover, the Commission will be able to review any tariff regulation at its own motion, whenever it sees fit to do so.

Record of the Atomic Age

A record of the “birth pangs” of the atomic age has just been placed on permanent public display at the Argonne National Library in Lemont, Ill. It is a one-foot section of common graph paper tracing the first atomic reaction achieved by man. Annotated by Dr. Enrico Fermi, these tracings mark the beginning of the most significant and crucial era in man’s history. This precise moment came on December 2, 1942, when Dr. Fermi and his associates accomplished the first controlled release of nuclear energy under the stands of Stagg Field, Chicago.

Written by a pen moving across a revolving drum, the lines of the graph record in detail the sequence of events that ushered in the age of the atom. Virtually incomprehensible even today to all but specialists, the graph reveals the neutron intensity developed at various stages of the pioneer reactor as Dr. Fermi directed the manipulation of the control rods of the atomic pile. The historic graph, finally removed from the secret classification, was mounted in an air-tight container of clear plastic by experts of the hand bindery at the R. R. Donnelley Company, Chicago printers.

—LEO HAMALIAN



Will the railroads be able to survive the double threat of unfair competition and the increasing demands of their own laborers?

Right before the eyes of this generation of Americans the great railroads which our pioneers spread out all across the growing Republic—because of gigantic geographical, financial and political difficulties—are being killed off. Few things in America are more vital to us in time of war than our railroads and our Kremlin enemies surely gloat over our stupidity as they watch us commit our own domestic transportation's suicide. This month two experienced observers join in comments for MERCURY readers which we think most pertinent.