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Free Trade vs. 'Protectionist' Views Seen Bringing Violent Congressional Battle

By DON LARRABEE
Standard-Times Washington Writer

WASHINGTON, Jan. 16 (AP)—Within a week, a scorching behind-the-scenes battle over free trade may erupt into full-scale warfare capable of splitting the Republican Administration down the middle. The fight looming in Congress over the tariff issue, if present indications are correct, will be more an attempted "holding" action on the part of the President and those around him who favor expanded world trade. It now appears unlikely there will be any liberalizing of existing trade barriers.

The match that will touch off the tariff powderkeg is a forthcoming report by President Eisenhower's Commission on Foreign Economic Policy, headed by Clarence B. Randall, the Inland Steel Board chairman. The 17-man group expects to have its report in the President's hands by next weekend.

'Escape Clause' Kept

Certainly, a unanimous commission report favoring lower tariffs will get a cool reception in Congress. A tentative draft of the Randall report, circulating among members last week, proposed an extension of a liberalized trade program for at least 10 years. It retained the two most important "protective" features of existing law—the so-called "peril point" and "escape clause" provision, under which domestic industries now seek relief through the Tariff Commission.

But, reportedly, it also proposed to give the President power to reduce tariffs as much as 15 percent below present limits. Not all members were said to be happy with the "liberalized" program and an opposition "minority" report is frankly expected. At a closed meeting on Monday, sharp revisions were understood to have been made in the final draft as it will go to the White House.

An interesting sidelight on the modern-day trade-tariff issue is the position in which so-called "big business" finds itself. Big business was accused in the past of being the archprotectionist, the high tariff advocate. Today, industries and organizations opposed to free trade contend it is "big business" that is behind the campaign to lower trade barriers in order to maintain the mass-production market provided by America's foreign aid program.

Can Hold Own

The latter group says tariffs were originally established to encourage the development of industries in the United States and their main support, over the years, was from the larger industries. But, with the development of mass production and its cheaper production costs, the larger industries are now able to hold their own without such protection, even with lower wage rates abroad.

Tariffs, it is argued, are now the protection of secondary industries, smaller business and agriculture. The communities which depend upon these enterprises for employment embrace vast scores of congressional districts and individual Congress members respond promptly to the fears—and the plight—of local businesses.

The Eisenhower Administration is pledged to an expansion of world trade. It is awaiting the Randall Report, however, to translate this principle into concrete policy. Aware of the natural "protectionist" attitude of Congress, it is doubtful the administration will ask Congress for more than the Randall group proposes and certainly may not adopt all its recommendations.

Hardly Satisfy

Word that has leaked from the closed-door sessions of the commission indicates the chairman is trying desperately for a unanimous report, but won't tolerate a watered-down document for unanimity's sake. Thus, there may well be a minority report drawn by some Republican members of Congress also serving on the commission, such as Representative Daniel Reed of New York and Richard Simpson of Pennsylvania. This would leave matters where they now stand and could hardly satisfy either element.

Commerce Secretary Simpson said he believes strongly in "profitable and equitable two-way world trade," but he has also said he is unwilling to have American industry compete at the expense of the standard living of American labor.



CLARENCE B. RANDALL

Secretary Weeks put it this way last week. "I think personally that, so far as America is concerned, our industries can prosper on the basis of tough but fair competition in world trade provided, in considering tariff legislation, we take account in some fair degree of wage differentials after first making due allowance for relative productivity."

Actually, so-called "protectionist" Republicans, like Representative Simpson, find themselves in complete agreement with Mr. Weeks. Simpson said recently that "big business and financial leaders" who advocate unrestricted foreign imports "are not taking into consideration the difference in wage costs and living costs between the United States and the countries which are competing with us."

Simpson was one of the leaders in the 1953 battle to enlarge the Tariff Commission and make its recommendations mandatory. In the end, with the promise of the Randall study, the Administration won a one-year extension of virtually the same reciprocal trade agreements program.

Exerting Pressure

Outside the Government itself, two powerful groups are exerting tremendous pressure on both the executive and legislative branches. The one group, headed by John S. Coleman, president of Burroughs Corporation, calls itself the "Committee for a National Trade Policy." Favoring an expansion of international trade, it boasts membership of several

hundred leaders from American business, labor, farm and civic organizations. Its president is Charles P. Taft, Cincinnati lawyer and brother of the late Senator Robert A. Taft.

Its list of officers and board members includes officials of some of the nation's major industrial giants. Its proposals include a recommendation that the President be authorized to extend existing trade agreements, and to negotiate new ones for an assured duration of at least five years. The Coleman group would also simplify our present import controls and ultimately repeal the so-called "Buy American" act. It feels that trade restrictions are a form of concealed subsidy and that they tend to be a permanent subsidy.

On the other side of the argument stands an organization known as the "Nationwide Committee of Industry, Agriculture and Labor on Export Import Policy." Headed by G. R. Strackbein, is an expanded offshoot of the National Labor Management Council on Foreign Trade Policy. It is this group which handled the plea of the New England fishing industry for tariff relief before the Tariff Commission.

Funds Lacked

Strackbein claimed he didn't have the funds to fight the Coleman group, but last October he succeeded in unifying a group representative of numerous small industries and agriculture to fight against any proposals for free trade and further substantial reductions in tariffs. There is evidence that his efforts have attracted the attention of some major industries which formerly had not been fearful of foreign competition. These include Monsanto Chemical, Westinghouse Electric and DuPont.

Strackbein's "Nationwide Committee" is now circulating widely a publication known as "Tariff Facts" which asserts that the Coleman group and "free traders" generally completely ignore the plight of an estimated 5,000,000 workers whose jobs are jeopardized by any new flood of cheaply-produced foreign goods. Strackbein purports to speak for such diverse American industries as coal, lead and zinc mining, textile production, cattle grazing, pottery making, fruit and vegetable growing, bicycle and motor cycle manufacturing.

This group appears already to have the three Republican members of the Tariff Commission.

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its side. But, although the reconstructed commission has been sending recommendations to the White House for import relief, the President has almost consistently rejected the commission's report or sent it back for further study. This has annoyed members of the Strackbein group and protectionists in Congress who feel the President's practice lends strength to their demands

for returning the writing of trade policy to Congress where they say it rightfully belongs under the Constitution.

Opinions Asked

A spokesman for the Randall Commission said about 1,350 corporations and trade associations were invited to express opinions number 500 or 600 replies have been received "displaying a tremendous variation of response."

Many shades of opinion have been represented, but, it is understood, the most concerted efforts to plead their case have been made by the industries who feel they would be damaged by a lowering of barriers.

Many replies have come from New England textile industry groups and the domestic fishing industry. No "running score" has been kept, the spokesman said, because the replies continue to arrive in large quantity.

Since the commission was established in October, a long list of top Government leaders, representing many agencies and departments, have given testimony in off-the-record meetings with Randall. The chairman "classified" all these conferences for security reasons. Among

those who have appeared are Secretary of State Dulles, Central Intelligence director Allen Dulles, Foreign Operations Administrator Harold Stassen, Defense Secretary Wilson and a few key figures in former Administrations.

The commission spokesman said Chairman Randall, since his appointment, has "taken pains to maintain his impartiality" and has issued almost no statements on the Commission's work.

The Strackbein group, however, adopted a resolution calling for Randall's removal on the grounds that he has shown prejudice and bias in favor of competitive foreign products.

Book Cited

During the discussion of this resolution, several references were made to a recent book, "Freedom's Faith" in which the Strackbein group said, Mr. Randall "definitely aligned himself with those who favor an increase of foreign competitive imports."

While more and more businessmen have come to favor increased world trade in recent years, loud cries are still being heard that foreign-made products are flooding America and

taking jobs away from Americans. These are the voices more apt to be heard by Congress and the Eisenhower Administration may be fortunate to secure an extension of the existing trade program.