President Asks
Tariff Cut as in
Randall Report

By Edwin L. Dale Jr.

WASHINGTON, March 30.—President Eisenhower proposed to Congress today a program of gradual reduction of barriers to imports in a message which followed almost exactly the recommendations of the Foreign Economic Policy (Randall) Commission. The key tariff section of the President's plan calls for three-year extension of a modified reciprocal trade program. It would allow reduction of tariffs by 5 per cent each year, regardless of whether they had been previously reduced; gradual reduction to 10 per cent of tariffs higher than that, and reduction by as much as half of tariffs on items which have been in effect, excluded by existing tariffs or other factors.

In no instance did the President reject a RANDALL recommendation, but in several cases he either avoided a direct recommendation, left the matter open to further study or hinted at a policy statement still to come.

President Eisenhower, saying that "if we fail in our trade policy we may fail in all," told Congress: "Our domestic employment, our standard of living, our security, and the solidarity of the free world—all are involved." The message emphasized the importance to this nation and the free world of a constantly expanding level of trade—which means, for this country, more imports.

Tariffs face opposition

In Congress. Because of a heavy work load in the House Ways and Means Committee, it will not be considered until May, with the outcome touch-and-go.

Although the center of the opposition is in the Republican party, a favorable report to Congress from Republicans was strongly favorable. Sens. Bourke B. Hickenlooper, R., Iowa; Prescott Bush, R., Conn.; and Dwight D. Eisenhower, R., Neb.; Homer E. Capehart, R., Ind., and Homer Ferguson, R., Ga., were sworn in as key committee chairman Rep. Daniel A. Reed, R., N. Y., and Sen. Eugene E. Milikin, R., Col., for this and other reasons, few Congressmen would predict that the President's proposals will be enacted.

TARIFFS—Besides the reciprocal trade extension, the President said the "escape clause" and "peril point" provisions in the law should be retained. They are designed to prevent domestic industry from being damaged by import competition. However, he said that, while he will "carefully consider" Tariff Commission recommendations under these provsions, "my responsibilities for the welfare of the nation require that I continue to base my decisions at times on broader grounds than the Tariff Commission is empowered to consider."

The President also said this nation will not consider reducing tariffs on items made with labor receiving standard wages by the standards of the country concerned.

The Buy-American Act

Buy American—Amend the law to provide that the Buy-American Act, governing government purchases, will not apply to the case of bidders from countries which give no preference to their own bidders. The President made the following recommendations under these provsions. "My responsibilities for the welfare of the nation require that I continue to base my decisions at times on broader grounds than the Tariff Commission is empowered to consider."

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Randall Report Hit By Experts


Eighteen experts issued a 25,000-word analysis today criticizing the Randall Commission’s report to the President and Congress for "failure to provide a blueprint for a sound and vigorous United States foreign economic policy that would meet the needs of the years ahead."

The Randall report was made on Jan. 23 by President Eisenhower’s Foreign Economic Policy Commission, headed by Clarence B. Randall, chairman of the board of Inland Steel Co., and including Congressional members from both parties. It recommended the extension of present reciprocal trade programs, some increase in imports, and reduction in tariffs and other trade barriers.

Last month, a two-day conference was held here under the sponsorship of Princeton’s International Finance Section and Center for International Studies to examine the report. Today’s critique is the outcome of the conference.

No “Basic Philosophy” Found

"Most participants of the Princeton Conference," said the critique, "deplored the report for its want of basic philosophy and for its failure to assert American leadership, or to enlighten the American people as to their international responsibilities and opportunities. It was not, as one member put it, a document from which the nation could derive inspiration, or from which it could rest for any length of time.

"To mention a most important omission, the report did not deal with the problems of the impact of an American business slump on other countries, although the outside world, as is well known, is extremely apprehensive of the external repercussions of an employment slump in the United States, and this fear figures importantly in foreign thinking about the desirability of freer trade and payments.

"There is no emphasis in this report on the possibility of American consumers and producers standing to gain from freer trade and large imports."
Experts Say Randall Report Fails as World Trade Policy

PRINCETON, N. J., March 22—The Randall Commission report, which is expected to provide the basis of President Eisenhower's foreign economic policy, was criticized today as inadequate by a group of eighteen economics experts. They scored the report for what they called "its want of basic philosophy and for its failure to assert American leadership or to enlighten the American people as to their international responsibilities and opportunities."

The criticism, contained in a 25,000-word report published today, was the result of a two-day conference sponsored last month by Princeton University's International Finance Section and Center of International Studies. The critique will be mailed to 2,500 individuals and groups throughout the country.

The Randall Commission report, presented to the President on Jan. 23, had criticized United States foreign economic relations and called for freer world trade, with a greater interchange of currency, the removal of artificial trade barriers and a lowering of tariffs.

The commission was headed by Clarence B. Randall, chairman of the Inland Steel Company, and was formally called the Commission on Foreign Economic Policy. It had seventeen members—ten members of Congress and seven leaders in business, labor and economics. Its recommendations are now being drafted as proposals for Congress.

Although the Princeton report agreed with the Randall Commission in certain respects, it struck at what it termed the "lack of optimism and the lack of confidence in the American economy."

"There is no emphasis in the Randall report on the possibility of American consumers' and producers' standing to gain from freer trade and large imports," the economists declared.

They also expressed disappointment with the commission for having given "no consideration to the problem of United States policy toward the economic and political integration of Western Europe, or toward Japan," a nation of "great political and economic importance to the United States."

"An even more serious omission of the report," they continued "was its failure to discuss, more than incidentally, the question of whether the United States should be concerned with the attempt to facilitate the economic development of the so-called underdeveloped areas and, if so, what are the most effective means of doing so."

The conference agreed with several of the Randall Commission's recommendations on trade policy, with the statement that they could be enacted in their entirety in the next two years. "The result would constitute the biggest single step toward a more liberal commercial policy" since the Trade Agreements Act of 1934.

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Almost unanimously the conference stated that "in building the report around the dollar-gap problem, the Randall Commission has taken too narrow a focus."

The "dollar gap" is the difference between the dollars that foreign countries have or are likely to earn and the dollars they need to buy goods and services.

The Randall report stressed the need for measures to close this gap to encourage trade, since most foreign nations lack enough dollars or dollar credits.

The Princeton group also said the commission had not dealt with the problems of an American business slump on other countries, although "the outside world is extremely apprehensive of an unemployment slump in the United States," and such a fear "figures importantly in foreign thinking about the desirability of freer trade and payments."


Klaus Knorr, a member of Princeton's Center of International Studies, and Gardner Patterson of the International Finance Section prepared the published report.
INCREASED WORLD TRADE "VITAL"

MR. EISENHOWER ON U.S. POLICY PROBLEMS

WASHINGTON, March 8.

Expanded world trade was of vital importance in achieving greater world stability and eventually reducing U.S. assistance, President Eisenhower told Congress to-day.

"The American economy cannot be divorced from the world economy," he declared. Yet recent statistics stressed "hard facts." They showed, he said, that U.S. total agricultural exports for the 1952-53 crop year amounted to $2,800m. (£1,000m.)—30 per cent, below the previous year's figure and 20 per cent, below the five-year average from 1947 to 1952. Wheat and lard exports were down by 33 per cent, and cotton had dropped by 50 per cent.

NATIONAL POLICY
"Complex Task"

"It is an exceedingly difficult and complex task," he went on, "to develop a national trade policy consistent with America's position as the world's greatest creditor and greatest producer and, at the same time, to face the increasing burdens either upon specific segments of the American economy or upon other nations who must earn their living in the world.

"Yet, unquestionably, if the nations of the world are to flourish and move on to higher levels of trade production and living standards, the formulation and activation of such a policy is of utmost importance."

The recommendations of the recent Randall report on foreign trade policy were being "carefully considered," he said, "in order to shoulder the "heavy obligations" of world leadership "as long as the harsh threat to world peace exists."

WESTERN EUROPE
Steady Advance

Reporting on the operations of the Mutual Security Programme for the last six months of 1953, he said: "Western Europe, in particular, has made a steady advance."

Several countries no longer needed American aid, in others it would end shortly, and in some there was a considerable reduction of aid.

"As strength in the free world, particularly in Europe, has grown, total funds appropriated for United States programmes overseas have been gradually decreased. The reductions in military and economic aid, in general, have paralleled the growing self-reliance of the nations we are helping."

But he also drew attention to new or expanded programmes. The President cited "the increased effort against Communist aggression in Indo-China, the rebuilding of Korea, and the new agreements with Spain."

FOOD SURPLUSES
Use Overseas

"We are also working out methods of using our domestic food surpluses overseas," the President added.

"The long-term goals of the Mutual Security Programme are inseparably woven with the long-term security of the United States and with the world efforts for freedom, prosperity and peace."

"The development of the North Atlantic Treaty Alliance, the global build-up of military bases and military forces, the technical assistance and special economic aid programmes are being contracted or expanded in accord with plans to attain positions of solid free world economic and military strength to combat a long-term danger and enhance the opportunities for world stability."

"Such programmes cannot be drastically cut without undoing much of the rewarding success that has been so painstakingly and laboriously achieved."

PURCHASING POWER
Wages Comment

Illustrating the better economic conditions achieved, he said that in 1949 about 35 per cent of American exports of non-military goods and services were in grants and loans, but in 1953 only 15 per cent, of American exports were financed by American aid.

He emphasised that he was concerned at what the individual worker in Europe, Asia, the Near East and Latin America obtained in return for his output.

"The industrial worker in Europe lags far behind his American counterpart in terms of what he can purchase for the work he does. The situation was much worse" elsewhere.

"It is essential to any forward economic movement that effective steps be taken to improve world living standards by increasing the real wages of the worker, and by achieving higher productivity and greater output to meet the expanding purchasing power."—Reuter.
Malayan View on U.S. Tin Decision
From Our Own Correspondent

SINGAPORE, March 8.
Malayan producers are disappointed by the decision of the U.S. Government not to sign the International Tin Agreement. They were not, however, surprised by it, in view of the adverse comments on commodity agreements in the Randall Commission's report.

Mr. J. T. Chappel, president of the Federated Malayan Chamber of Mines, expressing his personal opinion, has said that the American decision did not nullify the agreement, which could still be ratified by the requisite number of other producer and consumer countries.

But the scheme could not function effectively without American support, because the U.S. was the largest consumer, he said. Mr. Chappel pointed out that the American Government was not prepared, however, to hold off the market excess tin stocks which it now had or expected to acquire and would not object to other Governments backing the scheme. He also said that he thought that that indicated an attitude of benevolent neutrality to the whole scheme.

MALAYA GOING AHEAD

Pointing out that only two countries—Malaya and the U.S.—had announced their decisions on the scheme, Mr. G. F. Gripper, the Federation's Chairman of Mines, declared today that Malaya would meanwhile continue planning for the internal administration of control.

It would be a big disappointment for the Malayan miners if the scheme were rejected, as 68 per cent. of Malayan producers had voted for it, he said. Mr. Gripper added that many Malayan mines might have to close down if the tin price, unprotected by the restriction scheme, should slump.

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The U.S. and Tin

AS was expected, the London Metal Exchange reacted strongly yesterday to the American decision on the tin restriction scheme. There had been no disposition to hope seriously that the U.S. would itself ratify the scheme, but for some time now the belief has been growing that the American refusal to participate would be tempered by an attitude of benevolent neutrality. This belief had already brought tin last week to the highest price since last June. It was only natural therefore, once the market's expectation had been confirmed, that a further rise should take place. Cash tin, in fact, finished the day at £707 10s. a ton.

While active American support is not essential to the scheme, American enmity could make it unworkable. The mining industry can now feel confident that there will be no attempt by the U.S. to make the agreement fail. This is the first strong point in the market's present assessment of tin values. The second is the hope that the contract which the U.S. Reconstruction Finance Corporation has with Indonesia will be renewed. There is an estimated potential world surplus this year of something like 25,000 tons, but the U.S. contracts with Indonesia and the Belgian Congo at present absorb this. They are, however, due to terminate at the end of this month and the surplus will then become a real one if the contracts are not renewed.

It is reasonable to assume that they will not be renewed except at the current market price, the present agreements are at a substantially higher price—and it is for Indonesia to decide whether to accept renewal on these terms. The likelihood is that the contract with Indonesia for 20,000 tons will be continued for another year, however, and, if so, this will remove the bulk of the surplus from the market. Thereafter, the outlook for tin will depend on the restriction scheme which may come into operation after June, and on how well it works.

Stronger Position

For the immediate future it is reasonable for the market to regard tin as more strongly placed now than it has been for nearly a year. Whether the extent of the present rise is justified is perhaps more debatable. One point which is relevant is that so far the decisions of only two countries—Malaya and the U.S.—have been announced. If the present rise became disproportionate it might well affect the attitude to the agreement, not of America, but of other consumer countries on whose ratification it now depends. Even the present attitude of the U.S. might conceivably be modified at some later stage if the agreement was conceived in that country to be working badly. For the present, American tolerance is essentially a compromise between the political objectives of the Administration and the antipathy of U.S. consumers to any agreement.

There is another factor to be kept in mind. Part at least of the recent rise in tin has been due to a technical factor; ironically the Dutch have been buying cash tin in order, it appears, to fulfill the remainder of the U.S.-Indonesian contract which is now ending. In all these circumstances, though the future of tin is more promising, it would be ill-considered to assess the latest news as the justification for a continuing rise. There are still a great many imponderables to be taken into account—among them the demand of industry in the U.S. and elsewhere in the months ahead.

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By BRENDAN M. JONES

Action is expected soon on the Administration's legislative programs on economic policy—notably in the field of trade, tariffs and customs procedure. The job of drafting proposals for transmission to Congress was begun last week by Clarence B. Randall, who served as chairman of the Commission on Foreign Economic Policy. Mr. Randall, board chairman of the Inland Steel Corporation, has been assigned as full-time White House consultant on preparation of Administration recommendations.

Mr. Randall has a reputation for getting things done quickly, which is evident in summarizing his commission's report on Jan. 23, well ahead of a March 6 deadline. No definite date has been indicated for submitting proposals to Congress, but informed trade sources believe they should be ready by March 15.

To Serve as Guide

The Randall commission's report will serve as the main source of Administration recommendations. Its findings generally are considered to favor a free trade policy along with some protective safeguards for domestic industries likely to be affected by an increase of imports.

The group included such strong protective-tariff supporters as Representatives Daniel A. Reed and Richard M. Simpson, Republicans of New York and Pennsylvania, respectively. Except for opposition to new tariff cuts, a dissenting report by these members showed surprisingly little disagreement with the majority.

Recommendations by Government departments made after study of the commission report will also be an important part of Mr. Randall's material for drafting legislation. The State, Treasury, Agriculture and Commerce Departments and the Foreign Operations Administration have prepared or are preparing statements for submission to Mr. Randall.

Finally, of course, the President and White House advisers will pass on the draft program that will become the Administration's official 1954 policy on economic relations with other nations.

There has been some speculation among foreign traders on the possibility that President Eisenhower will make stronger recommendations than those contained in the Randall report.

It is believed also that the President may ask Congress to continue the Foreign Economic Commission in some form, in recognition of the fact that its numerous recommendations could not possibly be considered by a single session of Congress.

Scope of Recommendations

These recommendations cover renewal of the Reciprocal Trade Agreements Act, currency convertibility, problems of adjusting to increased imports, dependence on foreign sources of materials, revival of trade with Communist countries and similar subjects.

Generally, foreign traders have grown pessimistic about having much of the Randall commission's report adopted by Congress this year. The timing of the foreign economic program, it is agreed, has not been adroit—particularly commission recommendations for further tariff cuts. In a Congressional election year this issue is a political nettle just about as popular as a tax increase.

The highest hopes of foreign traders for further liberalization of trade policy this year do not extend much further than reenactment of the Reciprocal Trade Agreements Act and additional simplification of customs procedure. Tax-reduction incentives to get more direct investment abroad, as recommended in President Eisenhower's Budget Message, are also considered likely to win Congressional approval.

A three-year renewal of the trade agreements act with authorization of 5 per cent tariff cuts annually, recommended by the Randall report, is considered unlikely.

Although anticipated accomplishments would represent a small part of Randall Commission proposals for a more liberal trade policy, they would be an important step, in terms of encouraging imports. This is particularly true in the case of further simplification of customs procedure.
SOUTH AMERICA ASKS FOR GREATER FREEDOM IN TRADE

This item, headlined Montevideo, mentions Mr. Black's statement before the Randall Commission to the effect that one of the alternatives to American economic policy is to "let import levels be raised so that other countries may earn more dollars to buy more American agricultural and industrial products and increase United States investments".
L’America del Sud chiede agli SU una maggiore libertà di scambi.

Il CICYP è uno dei più accaniti sostenitori della collaborazione economica e dell’abolizione di ogni barriera commerciale.
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(Notizie servizio)
MONTIVIDEO, febbraio, prigionieri privati, ben lofti del paese. Il CICYP, sebbene essendo una forza di sinistra, anche se di accento moderato, è comunque uno dei principali attivisti per la liberalizzazione del commercio internazionale.

Il CICYP, che si è costituito nel 1914 con il voto di François De La Proctroy, pubblica un quotidiano e ha la sezione a Montevideo, a Caracas, Washington e alla sua divulgazione alla vita politica internazionale. Il CICYP è associato ai principi della pace, della democrazia e della libertà di scambi.

Il CICYP è un attivista per la liberalizzazione del commercio internazionale, ritenendo che tale politica economica sia il modo migliore per favorire il benessere dei popoli. Essi sono favorevoli alla liberalizzazione delle correnti finanziarie e all'eliminazione dei tariffe doganali.

La posizione del CICYP è attualmente molto accolta, dato che la liberalizzazione del commercio internazionale è vista come una via per migliorare la situazione economica e sociale nei paesi emergenti, come in America Latina.

Il CICYP, insieme con altri attivisti per la liberalizzazione del commercio internazionale, ha lavorato per ottenere l'approvazione della Convenzione di Atene, che ha come scopo l'eliminazione delle barriere doganali.

Il CICYP, attraverso la sua organizzazione internazionale, cerca di promuovere un mercato globale più libero, dove i popoli del mondo possano commerciare in condizioni equo e onorevoli.
Un gruppo di delegati signorosi di caso

La conferenza ha preso in considerazione

una serie di problemi importanti.

* Nelle azioni di gestione e pianificazione.

* Nelle attività di ricerca e sviluppo.

* Nelle questioni di economia e finanza.

* Nelle questioni di politica e governo.

* Nelle questioni di salute e benessere.

* Nelle questioni di cultura e istruzione.

* Nelle questioni di ambiente e sostenibilità.

* Nelle questioni di diritti umani e migrazioni.

* Nelle questioni di sport e occupazione.

* Nelle questioni di religione e spiritualità.

* Nelle questioni di abitazione e urbanistica.

* Nelle questioni di giustizia e sicurezza.

* Nelle questioni di terroristismo e sicurezza.

* Nelle questioni di guerra e pace.

* Nelle questioni di violenza e criminalità.

* Nelle questioni di pace e conciliazione.
The Randall Report

Sooner or later, I suppose, I'll have to read the report of the Randall Commission on American foreign economic policy. No doubt it will be a factually eloquent statement of the need for freer trade and curtailment of artificial barriers to world trade. The report undoubtedly will touch off a major public controversy, and the opposition to the Randall recommendations is based on a number of simple facts. For a full generation, European industrial nations have been complaining that our protective tariff keeps out the goods they have to sell in return for what they buy from us. Yet it is a fact that we are the only great nation which has steadily reduced its trade barriers in that period, under the Reciprocal Trade Agreements Act, while our competitors, led by Great Britain, have maintained currency controls which are absolute barriers to the importation of any American goods the controllers wish to limit.

Controls

What these controls amounted to was roughly that an Egyptian could sell us long staple cotton for the manufacture of automobile tires but had to get the permission of the Bank of England before he could use the dollars he got for his cotton to buy the tires themselves.

The One Worlders admit all this but point out that the Second World War confirmed the fact that we have a permanent advantage in export surplus over foreign trade. The treaty of Versailles made the British able to get rid of their own exports cheaper than we could, but if we had only given them a fair chance to compete, they would have done, through Lend-Lease, Marshall Plan and other economic aid programs.

Okay, say the protectionists, then what is wrong with our using the surplus to invest in foreign countries? That's what the British did here during the entire 19th century, when they had an export surplus and our problem was to find ways and means to pay for what we bought overseas.

There is no answer except to point out that the British and other foreign countries do not relish the notion of having American capital control any important segment of their industry or their raw materials. They have adopted a policy that forbids to this process, including outright nationalization of basic industries.

Then the economic nationalists retort that if caught on the wrong way, it is their affair, and why should we finance their economic nationalism at the expense of our own?

Right and Wrong

So the kitten goes round and round and never succeeds in catching its little tail. Both sides are right and both are wrong. And the purpose of policy is to find a middle course which will be righter than it is wronger.

My own idea has been that we should return to the original suggestion of Lord Keynes at the Bretton Woods Conference and have the World Bank institute a world unit of currency and exchange, with which international trade can be financed without reference to currency controls.

I also think it would be a good idea to smash some of the cartels which lay toll on international trade. It seems strange that, with water transportation, it should cost infinitely cheaper than rail transportation, it should cost more to travel 3,000 miles first class from New York to Southampton than it does to travel 3,000 miles by Pullman from New York to Los Angeles.

The world's economic sickness cannot be cured so long as world trade is strangled by these artificial restrictions on the movement of goods and individuals across national frontiers. And as a matter of fact, the American protective tariff has never prevented Americans from buying what they needed; the rates might raise the price to the consumer but did not deter him from getting what his own economic interests required. Personally, I would be much more in favor of following the Randall Commission's recommendations if I saw the slightest trace of a corresponding movement in the principal nations with which we trade.
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REDU
Foreign Trade Proposals of Randall G. Face

Slow Death in Congress; Key Lawmakers Oppose Plan


BY DAVID O. FAYE

Staff Reporter of The Wall Street Journal

WASHINGTON, D.C., March 12 (The New York Times) -{umothe Washington Post)--In a step-by-step plan to halt a trade deficit, the U.S. Senate is expected to vote next week on a proposal by Sen. Reed Rockefeller, D-Wyoming, and Sen. William Proxmire, D-Wis., to impose a 30 percent tariff on imported merchandise.

The Senate is scheduled to vote on the proposal next Tuesday, and if it passes, the measure will move to the House of Representatives, where it is expected to face opposition from Republicans and some Democrats.

The proposal would impose a 30 percent tariff on imported goods, with the proceeds used to fund a trade deficit reduction fund. The fund would be used to provide financial assistance to industries affected by import competition, as well as to finance initiatives aimed at reducing the U.S. trade deficit.

Sen. Rockefeller, the sponsor of the bill, said the proposal was necessary to protect American jobs and industries from unfair foreign competition.

"We are at a crossroads of our history," Rockefeller said. "We cannot afford to have our industries whittled away by foreign companies that have the luxury of lower wages, less environmental regulations, and little legal protection for workers."

Sen. Proxmire, the co-sponsor of the bill, added that "we cannot allow foreign companies to use our laws to their advantage and ours to their disadvantage."

The proposal would be phased in over a three-year period, with the tariff rate starting at 10 percent in the first year, rising to 20 percent in the second year, and reaching 30 percent in the third year.

The tariff would apply to all imported goods, regardless of the country of origin. However, the bill would also include provisions for exemptions and exclusions, such as for goods imported for certain industries, or those that are produced by companies that meet certain employment and wage standards.

The proposal would also include provisions for the establishment of a "trade adjustment assistance" program, which would provide loans and grants to industries and workers affected by import competition.

Sen. Rockefeller said the program would be similar to the one that has been in place for several decades, but would be expanded to better address the needs of the current economy.

"Our economy is changing, and our trade policy must change with it," he said. "We cannot allow foreign companies to undermine our industries and our workers."

Sen. Proxmire added that the program would be a "key element" of the proposal's success, and that it would be "vital for the success of the plan.

The Senate is expected to vote on the proposal next Tuesday, and a vote in the House is expected to follow shortly thereafter.

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 wages in the country where they work. If, for example, the government is successful with its goal of increasing wages by 10 percent, this would reduce the trade deficit by the same amount.

The same time, however, the U.S. should also consider the impact of such measures on international trade. For example, the government could consider providing support to industries that are affected by trade agreements or that are new and innovative. This could include incentives for research and development, as well as grants and loans to help these industries grow.

Overall, the government should focus on creating a fair and level playing field for all industries, rather than just targeting a specific group. By doing so, the government can help ensure that the trade deficit is reduced in a sustainable and effective manner.
World Trade Outlook

Randall Report Realities

By EMMA M. DORAN

Reaction to the report of the Randall Commission on Foreign Economic Policy, at large and within Congress, has been very mixed. Public comment runs all the way from statements that the recommendations should help materially in bringing about those conditions that are necessary for multilateral expansion of world trade to views that the report is so larded with dissents that the recommendations can have little or no influence on Congress.

Congressional reaction ranges from approbation to sharp criticism of the tariff recommendations as measures that, in effect, would sell American industry down the river.

Sharp disappointment also has been expressed here and abroad that the commission’s recommendations were not more thoroughgoing; that they did not go far enough in urging easing or elimination of import barriers. Likewise, those holding these views say that the new authority the report would vest in the President to reduce tariffs in trade agreement negotiation is much too circumscribed to provide significant liberalization. Further, the failure of the commission to advocate modification of the escape clause regulations so as to lessen uncertainty concerning maintenance of tariff concessions, which uncertainty hampers effective trade promotion, has been severely criticized.

Those voicing disappointment also observe that the commission did not propose repeal of the so-called Buy American legislation. Rather, the group suggested that the President should be authorized to exempt bidders of other nations from these regulations when the countries in question treat our bidders on an equal basis with their own nationals. As an interim measure, the commission suggested that the President should instruct Government agencies to consider foreign bids “on substantially the same price basis as domestic bids.”

Forthright recommendations for the elimination of the farm product quotas and bans, likewise missing from the report, constitute another score on which disappointment has been expressed.

Meanwhile, countering the disappointment of many advocates of freer trade are the declarations of spokesmen of at least three protectionist organizations that the recommendations would provide freer entry in face of the clear and proven need for more protection.

Much broader liberalization of our foreign trade policy than is recommended in the Randall report, of course, has been advocated repeatedly by American businessmen and trade groups during the past year and a half. And, during the past four to five months the build-up for the Randall Commission proposals by Government officials, including the President, and others has been so great that we suppose it is only natural that the compromise recommendations made public by the commission last Saturday have resulted in a let-down feeling in many quarters.

We think, however, that, taking into consideration the complications in the present Congress, the character of the commission that reflected the make-up of Congress and the present uncertainty regarding the United States business outlook, the report should be considered constructive.

As pointed out in our news columns last Monday, the commission recommended extension of the Trade Agreements Act for three years during which period the effects of recent tariff changes could be reassessed, the group observing that present tariffs had not been tested for a considerable period under what might be termed normal conditions. A three-year extension would be a marked gain over the one-year renewal adopted at the last session, while the recommended power for the President to reduce tariffs, in our view generally, would prove broader in actual practice than that authorized under the present law.

The private investment recommendations were similar to those set forth in the budget last week, which latter proposals The Journal of Commerce reported as meeting with business commendation. Here it might be noted, however, that countries not now operating as Western Hemisphere corporations would reap most benefit and that the recommendations apparently need to be spelled out by interpretations or implementing legislation before the exact import of the proposed treatment can be determined. (This is true also of many of the proposals in the report.)

Randall report recommendations also include indorsement of the pending customs simplification bill that would establish the export price as a basis for duty computation, a change on which importers place high value. The need to rewrite the tariff schedules was emphasized, with Senator Millikin recognizing this in his dissent even though he questioned the standards the majority would set up for such revision.

The report also inferentially approved past Export-Import Bank credit extension policies, that is, the continuing granting of development loans as desired by so many American exporters.

Final judgment on the real worth of the report, of course, must be reserved until it can be determined whether the compromises agreed upon by the majority of the commission achieve what they reportedly were supposed to do, that is, win sufficient support to assure Congressional acceptance for trade liberalization.

With the chairmen of the key House and Senate committees either protectionist or lukewarm toward foreign trade, and with so much legislation clamoring for attention, we cannot expect all or nearly all the recommendations will be implemented at this session. Already Representatives Reed and Simpson have launched their dissent opposing the present procedure for reducing tariffs.

It seems very clear, in fact, that in case of several Randall Commission recommendations, the President will have to throw his weight behind the drive to defeat protectionist forces if we are to witness significant progress toward trade liberalization this year.

But, presuming this is achieved, if the trade act is extended for more than one year, tax measures to encourage private investment are adopted, and Congress approves the pending customs simplification bill, and a few other less important liberalization measures, we think that foreign traders here and abroad ought to think the Randall report very worthwhile despite its limitations.

Action such as this in this critical year would be a good starter, something concrete we could use tellingly in pressing other nations to progress with us along the road to freer, expanding world trade.
3-YEAR TRADE ACT EXTENSION
AND 15% TARIFF CUTS BACKED
IN RANDALL BOARD'S REPORT

CONCESSIONS MIGHT BE PROPOSED

"Buy American" Waiver
Asks—Rigid Farm
Price Props Decried

By CHARLES E. EGAN
Special to The New York Times
WASHINGTON, Jan. 23—President Eisenhower and Congress were told today by an agency of their own creation that the nation's "awesome" responsibility for leadership could not be discharged without correcting "distortions in our economic relations with the rest of the world."

Both the diagnosis and the remedy for theills now besetting the international trade of the free world were set forth in a ponderous report by the Commission of Foreign Economic Policy.

The study group was created by Congress at the request of the President last summer, with seven members appointed by General Eisenhower and five by the Senate and House of Representatives. It is headed by Clarence B. Randall, chairman of the board of directors of the Inland Steel Company.

In its report the commission sought to point the way toward a relatively freer world trade in which all free world currencies would be interchangeable and the skills and resources of all components could be released from present artificial restrictions.

Liberal Approach Evident

More than a score of recommended corrections in policy and legislation stamped the document as a liberal approach to the economic dislocations growing out of the war. Among its major recommendations were these:

1. Congress should authorize a three-year extension of the Reciprocal Trade Agreements Act for a relatively longer period on the basis of results of concessions observed during the initial period. The President should be authorized to cut tariff rates by 5 per cent in each of the three years.

2. The President also should be authorized without any reciprocal agreement to cut tariff rates by 50 per cent under Jan. 1, 1945, on products not imported from abroad or imported only in negligible quantities, and to reduce to a 50 per cent ad valorem rate any import duty in excess of that ceiling.

3. Congress should authorize the President to waive the "buy American" statutes for countries that treat United States bidders in contracts on a basis equal to their own nationals, pending corrective legislation. The President would direct Federal purchasing agencies to treat foreign bids that meet other standards on the same price basis as those of Americans.

4. This Government should make an effort to create a more hospitable climate abroad for private United States investment capital. It should make sharp reductions in tax rates on American earnings on investments abroad, and should extend guarantees to private investors to cover risks of foreign revolutions and wars.

5. The Government should agree to a larger trade between Eastern and Western Europe in peaceful goods, to improve living conditions in the West but objectionable to the embargo on trade with Communist China and North Korea.

6. Every encouragement should be given to free foreign governments in making their foreign exchange again convertible into the money of other free nations.

7. The Government should promote "more active utilization than heretofore" of the $3,300,000,000 gold and dollar reserves of the International Monetary Fund to this end. The Federal Reserve System should explore the provision of "stand-by credits" for the same purpose.

8. Congress should report regulations requiring shipment of 50 per cent of American freight in American bottoms to give foreign shipping a chance to earn dollars from this commerce. A direct subsidy of United States shipping should be substituted as necessary.

9. The Government should abandon the field of agricultural price supports at home that tend to force accumulation of surplus farm products and to prevent human needs in international markets because of domestic prices pegged above the world level.

10. The many findings and recommendations of the report were little that had not been proposed at one time or another by private or presidential study groups since World War II. Its separate chapters and recommendations were peppered with conflicting opinions of two or more members.

"Dollar Gap" Stressed

The same "dollar gap" that engaged the attention of the Presidential commissions headed by Streit and Gray during a Republican Administration and it made a significant contribution to the study of foreign economic policy in show military shipments, had co. The Chairman of the Commission, Mr. Rockefeller, said that this committee was able to find a way to solve the problem, the report pointed out, there was more that could be undertaken only by the nations themselves.

End of Grants Seen

The report had to face squarely the fact that large-scale economic grants were a thing of the past, the commission said. It recommended that the vast majority of the United States Government capital was inadequate to the need abroad and that main reliance must be on private capital. It was thus up to the private sections to solve the problem.

The report issued a policy recommendation by which any military assistance should be in the form of private investment in, for example, the fulfillment of an obligation to the United States of agreement of the report dealing with the need for greater American overseas investment in venture capital.

America's foreign friends might as well face up to the fact, in the majority view, that United States Government capital was inadequate to the need abroad and that main reliance must be on private capital. It was thus up to the private sections to solve the problem.

The report took sharp exception to the disposition in some quarters to insist that the dollar problem had already been solved because of its kind of aid, for example, the United States Government capital was inadequate to the need abroad and that main reliance must be on private capital. It was thus up to the private sections to solve the problem.

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Injury to institutions is unavoidable if the Government to subsidize industries, workers and communities hard hit by increased imports.

Although David J. McDonald, president of the United Steel Workers of America, C. I. O., and a member of the commission, urged such a proposal the commission voted it down with the explanation:

"In a free economy, some displacement of workers and some injury to institutions is unavoidable. It may come about through technological change, alterations, new taxes, or many other causes. Since it has never been seriously proposed that the burden of all such injury arising in a free economy should be assumed by the Government, the commission felt it was not appropriate to propose such a plan in the tariff area only."

The commission said that this country's tariff policies over recent years belied the label of a "high tariff country," which it has borne internationally. This country, the report declared, was no longer among the high tariff countries of the world. Indeed, taken by large, "our trade restrictions are certainly no more in the nature of a cause of payment imbalance than the rigidities maintained by other nations."

Labor Standards Considered

A new concept of eligibility for tariff concessions was put forward by the commission in its discussion of labor standards in international competition. The group suggested that United States representatives in negotiating a reciprocal trade agreement should adhere to the commission's suggestion:

It was held that before the Government made a concession on a tariff rate for a given product, it should require proof that the industry producing the product in a foreign country was not using labor paid at subnormal wages and working under "sweat shop" conditions.

The report was shot through with notations of dissent and mild disagreement by various members of the commission. Only representatives Daniel A. Reed, Republican of upstate New York and chairman of the House Ways and Means Committee, and Richard M. Simpson, Republican of Pennsylvania and a senior member of the Ways and Means Committee, balked at the entire report.

Dissenting Report Promised

In a letter noting their dissent from the commission's general conclusions, the two representatives announced that they would draw up their own report. They declared the majority report had been hastily prepared and was inadequate. They said they would submit to the commission some time before March 6, "alternative recommendations, and a statement of principles upon which they are based."

Senator Eugene D. Milliken, Republican of Colorado, chairman of the Senate Finance Committee, registered reservations and dissents on a number of the report's findings and recommendations. He set forth his views in a letter to Mr. Randall, which was printed at the end of the report.

Representatives Reed and Simpson, in their letter of dissent, declared that the commission's report contributed "little to a solution of the over-all problems which this country faces with respect to its foreign policy."

"It adds nothing to the views of the members of the commission previously published and well known before their selection," the letter asserted.

The mandate of Congress to the commission, the representatives said, called for submission of the report by March 6.

Wide Criticism Registered

"Yet the report is now submitted six weeks before the deadline set by Congress with the complaint that adequate time was not permitted," the letter continued. "However, of the 150 members of Congress, only four months had been fully used, when the report was frozen and submitted to the committee with only one week allowed for development of their dissent."

"No comprehensive study of facts, conditions, and problems was made. The only witnesses allowed to appear at public hearings held by the commission in the United States were representatives mainly of recognized pressure groups whose views were known in advance."

"The days of executive hearings were also held at the commission. There is no evidence in the report of serious consideration of exhaustive studies prepared and submitted by many affected domestic industries. Witnesses for industries vitally affected were not permitted to testify."
Excerpts From the Report of the Randall Commission on U. S. Foreign Economic Policy

President Urges Action Based on Randall Study

The New York Times, January 24, 1954

President Eisenhower expressed confidence today that the United States could make a new and vigorous effort to restore global economic balance, and that a new and vigorous effort would be made to this end.

The commission believes that the United States should take the lead in bringing about a new and vigorous effort to restore global economic balance, and that a new and vigorous effort would be made to this end.

The commission recommends that the United States take the lead in bringing about a new and vigorous effort to restore global economic balance, and that a new and vigorous effort would be made to this end.

Representatives Dan Reed, left, and Richard Neustadt, members of the commission on foreign economic policy, disagreed with its views and submitted their own report.

Tax Law Shifts So Far Would Save One Billion

Washington, Feb. 24 (AP) The Treasury Department has proposed a tax law shift that would save the United States $1 billion. TheTreasury Department has proposed a tax law shift that would save the United States $1 billion.

Tourism

It is clearly important to the United States that the world should be opened to tourism. It is clearly important that tourism be made a substantial component of the economic activity of the United States.

The commission recommends that tourism be made a substantial component of the economic activity of the United States.

Technical Assistance

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The United States is now engaged in a program of technical cooperation in thirty-three countries, of which $129,000,000 has been made available this year.* * *

The commission recommends that the United States Government should give full diplomatic support to move high-priced surpluses legislative provisions of other countries. Through trade restrictions on raw materials in which we have been engaged in bilateral programs of the United States representation.

The commission believes that the United States should make a "big money" program and should not involve capital investment in procurement which have at times nullified or postponed the operations of the two banks.

The commission recommends that the Export-Import Bank should be employed to resolve the problems of the United States market.

The commission recommends that the United States Government can and should make a clear formula of its support of the United Nations expanded technical assistance programs in the application of import bids.

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The commission recommends that the United States Government should point out that United States investment from abroad to the world at the elimination of such duties as "similitude" and the commodities which now apply to the development any issues between the two banks.

The commission recommends that the United States Government should make clear that foreign laws on raw materials are deficient, is to follow policies which will not Inhibit fluctuations of our domestic prices, and make agriculture and Raw Materials cles, such as "similitude" and streamlined standards.

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Dissenters to Economic Policy Report

Representatives Dan Reed, left, and Richard M. Simpson, members of the Committee on Foreign Economic Policy, who disagreed with its views and will submit their own report.

Tax Law Shifts So Far Would Save One Billion

WASHINGTON, Jan. 23 (UPI) - Tax law changes already proposed by the House Ways and Means Committee would save the government about $1 billion, a check-up disclosed today. The total could reach $2.5 billion if the proposals are adopted.

The committee, with Presi- dent Kennedy's backing, is overhauling the tax structure. Thus far it has approved changes in the personal and corporate income tax and proposed changes suggested by the President in his budget message.

Taxes must also be added to the savings that the President's ideas could bring about.

Tourism

It is clearly important to the economic and social development of the free world that the United States should promote foreign travel. Increased travel abroad by Americans can do much to stimulate a balance of trade over a period of time to increase our demand for foreign goods.

The commission recommends continued assistance for the issuance of passports and visas to tourists, and that it be done in cooperation with the Governments of other countries.

Conclusion

In closing this report and in submitting our recommendations to the President and the Congress, we would like to emphasize the importance of maintaining our adherence to our foreign aid policy.

Our position of leadership in the world is clearly different from that of other countries. The principles upon which our policy is based must be theoretically expanded to seek a balance in our foreign trade.

We recommend that the President take steps to encourage the promotion of tourism.
INVESTING ABROAD SPURRED IN REPORT

Randall Commission Urges Tax and Other Inducements for American Business

WASHINGTON, Jan. 23—Strong measures to encourage increased investment abroad by United States business were recommended today by the Randall Commission on Foreign Economic Policy.

The proposals included a number of special tax concessions, broader Federal insurance against losses and clarification of the application of United States anti-trust laws to foreign operations.

The commission of seventeen members is headed by Clarence B. Randall, president of the Inland Steel Company. One section of its report to President Eisenhower and Congress was devoted to what it called the urgent problem of stimulating the flow of investment capital into areas of the free world where it was most needed.

The commission was in unanimous agreement on all the proposals in this section except the one dealing with insurance against losses. A majority composed of eleven members held that the present insurance program should be broadened to cover “the risks of war, revolution and insurrection.”

Without comment, dissents were registered by these members: Senators Eugene D. Millikin, Republican of Colorado; Bourke B. Hickenlooper, Republican of Iowa; Harry F. Byrd, Democrat of Virginia, and Walter F. George, Democrat of Georgia, and Representatives Daniel A. Reed of upstate New York and Richard M. Simpson of Pennsylvania, Republicans.

**Major Tax Proposal**

Tax benefits recommended by the commission included reduction of the corporation income tax rate on foreign earnings. The commission would set the rate at 14 percentage points below the one applicable to corporations in general. Foreign earnings thus would be taxed at 38 per cent, instead of 52 per cent. Such an advantage already is available on United States investments in the Western Hemisphere.

That recommendation and three of the commission’s other tax recommendations were placed before Congress by President Eisenhower yesterday in his Budget Message. The three other recommendations were the following:

1. Broaden the definition of foreign taxes that may be credited against United States income taxes. At present, only foreign income taxes may be so credited. The commission proposed tax benefits that included reduction of the corporation income tax rate on foreign earnings.

2. Remove the over-all limitation on foreign tax credits. This limitation requires losses in one foreign country to be offset against profits in another.

3. Provide for stockholders in investment companies tax benefits on income from foreign investments comparable to those proposed for corporations.

The commission, going further than the President, also suggested more liberal tax treatment of foreign income of United States corporations that are part-owners of foreign corporations.

Another commission proposal was that corporations be permitted to pay taxes on income from a foreign subsidiary as if it were a branch and on income from a branch as if it were a subsidiary. Present tax treatment of branches and subsidiaries involves different advantages and disadvantages.

**Link to General Cuts**

In addition, the commission urged that any general tax reduction for personal income from corporate dividends be applied to income from abroad.

On the subject of anti-trust laws, the commission said that application of these laws to operations abroad was an “uncertainty” that should be removed. The report added:

“United States anti-trust policies should be restated in a manner which would clearly acknowledge the right of each country to regulate trade within its own borders. At the same time, it should be made clear that foreign laws or established business practices which encourage restrictive price, production or marketing arrangements will limit the willingness of United States business men to invest abroad and will reduce the benefits of investment from abroad to the economies of the host countries.”

The commission called on the United States Government to “give full diplomatic support to the acceptance and understanding abroad of the principles underlying the creation of a climate conducive to private foreign investment.”

This, it declared, requires better coordination by Federal agencies and “clear formulation” of the Government’s position on private investment abroad.

The United States, according to the commission, should continue to seek treaties establishing common rules for the fair treatment of foreign investments.
The sharpest Congressional tariff fight since 1930 is expected to be touched off late this month when the Commission on Foreign Economic Policy submits its proposals to Congress and the President. The agency, better known as the Randall Commission, because of its chairman, Clarence B. Randall, chairman of the board of the Illinois Steel Company, is putting the final touches to the report it hopes to have ready by Jan. 20. Named by President Eisenhower late last summer, in accordance with the request by Congress for a fundamental review of problems in international trade and finance by a commission of experts, the body is made up of seventeen members. Seven are public members and ten are members of Congress.

At the time the commission was named forecasts were numerous that it would find trouble in completing a report by March when Congress is expected to take up the question of renewing the Reciprocal Trade Agreements Act. The act was renewed for a year last June pending further study of the question of international trade.

Because of its make-up (the commission embraces all points of view from protectionist to low-tariff advocates both in and out of Congress) forecasts of bitter exchanges and of some possible resignations were general at the time the group began its work.

Strenuous Schedule Kept

None of the pessimistic predictions have come true to date. The commission has been following a strenuous schedule, first of hearings here and in Paris, and then of commission sessions, to discuss the evidence gathered. According to unofficial reports, the group now has reached the point where it is ready to turn in its findings. A number of preliminary drafts of findings have been made and discussed by members but the group has now reached the point where consideration can be given to a final report.

Rumors of sharp disagreements have leaked from the closed-door commission sessions but they have been denied by staff members.

At present, the commission is understood to be split on recommended tariff changes and is said to be contemplating submitting one or more minority reports. There has been no official

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<th>Merchandise Imports</th>
<th>Overseas procurement</th>
<th>Transportation, Travel and Misc. Services</th>
<th>Investment Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1952</td>
<td>$10.747 bil.</td>
<td>$0.733 bil.</td>
<td></td>
<td>$0.421 bil.</td>
</tr>
<tr>
<td>1953</td>
<td>$11.100 bil.</td>
<td>$0.900 bil.</td>
<td></td>
<td>$0.500 bil.</td>
</tr>
</tbody>
</table>