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Appendix

Foreign Economic Administration Act, 1935

SPEECH

OF

HON. FRED L. CRAWFORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Saturday, June 3, 1944

The House in Committee of the Whole House on the state of the Union had under consideration the bill (H. R. 4937) making appropriations for defense aid (lend-lease), for the participation by the United States in the work of the United Nations Relief and Rehabilitation Administration, for the fiscal year ending June 30, 1945, and for other purposes.

CONFLICTING INTERESTS ON IMPORTS AND EXPORTS

Mr. CRAWFORD. Mr. Chairman, I move to strike out the last two words, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. CRAWFORD. Mr. Chairman, as far as I am concerned personally, I would be pleased to support this amendment in its original form, in its revised form, and go a step further and put cotton in the amendment. We have a concrete illustration here today in this particular proposal, of what is to follow. We have industries in this country who want to export and they want an exchange situation favorable to the exports. We have industries in this country who want exchange favorable to imports. We have others who enjoy the market at the present time and do not want exports or imports to any particular degree.

This amendment illustrates the conflicting interests. The post-war world powers now have this proposition in their laps. This goes further than we think it does at the moment. If we had time to develop it we could get quite a debate out of this proposition. Our domestic woolen concerns, who produce fiber for the domestic market, have hanging over their production this wool purchased as a war emergency and brought into this country. As we move into the International Exchange Stabilization Conference, which I understand has been called and is about to be held, the big issue will come up there of establishing relative exchange rates as between dollars, pounds sterling, rubles, reichmarks, and so forth. All of this will affect cotton, wool, and other commodities. As to how those relations are established will have considerable to do with whether or not you export or import cotton or export wool or import wool, or cut down your cotton acreage in the post-war period. So this amendment [illegible]ns up this question to us at this time in connection with rehabilitation and economic stabilization throughout the world.

I am in favor of selling the goods that we have, which we do not need, whether it be cotton or whether it be wool. Goods and commodities are produced to be consumed, not warehoused forever. I am in favor of getting rid of some of these excess stocks which we have now come to the conclusion we do not need, and getting rid of them while we are giving things away. Move the goods out; keep them rolling, so that when you do come back into post-war production our people will have a market for some of the goods which they are then producing, instead of having these heavy loads hanging over the market and bearing down the market price level.

Mr. PHILLIPS. Mr. Chairman, will the gentleman yield?

Mr. CRAWFORD. I yield.

Mr. PHILLIPS. I think the gentleman should bring out the fact that the amount of wool in this stock pile is the equivalent to 2 or more years' production in the United States.

Mr. CRAWFORD. Yes; I think that is very important. I want our cotton industry cared for. I want our woolen industry cared for, and all the rest of our industry. In an amendment of this kind if we have a chance to move the present excess stocks along instead of letting these agencies go out and acquire additional foreign-produced goods, let us do so. These are very important principles you are dealing with here. As I said, you are going to have difficulty exporting when the war is over because the moves are now on to make your dollar high in price as related to other exchanges. That will be your difficulty then. So that the quicker you get rid of these stocks of goods the better it will be for the American producer, regardless of the industry in which he is involved.

INTERNATIONAL MONETARY CONFERENCE

Exports and imports being so directly related to the relative value of the currency of each nation, we cannot in a discussion such as is occurring here today fail to give consideration to the forthcoming monetary conference and some of the issues with which it will have to deal.

A great deal has previously been said in recent months not only in the press and over the radio, but as well here on the floor of the House about the type of international currency agency which is to be established. But we must not overlook the fact that the fundamental issue with which our industries are concerned is "the valuation which will be placed upon the currency of each nation in terms of the currencies of other nations."

There will come before the conference the specific question, "What is to be the exchange rate of the United States dollar—the price foreigners must pay in rubles or reichmarks, pounds sterling, yen, or other foreign currency for American dollar drafts drawn on banks located in the United States, the latter to be used by the foreign operator for the purpose of paying for the purchase of commodities which he bought in the United States for export to him in his country or to some other point of destination which he designates?"

We have so much to say about the domestic price. But the rate of exchange will become as important to our producers of goods grown or manufactured in the United States for export as will be the domestic price whether that price be determined in a free and open market or by the Office of Price Administration. Every cotton grower, every wheat farmer, every producer and fattener of livestock; all organized and unorganized labor, and all industry whether they realize it or not must necessarily be concerned about these very matters. We should also bear in mind that we have units of industry and/or agriculture where most of their production is sold within the continental United States: And we have other branches which produce a great export service, and we have still other branches of industry which import a very great percentage, if not all, of the raw material which they process. This means that one segment of our total industry will use its influence to maintain "cheap dollars"; another segment will use its power to bring about "high-priced dollars." One group will want the price of United States exchange maintained as low as is reasonable and possible, and another branch will want United States exchange maintained at as high a level as possible. The Government as a whole will be interested in not only exports but also imports.

A certain part of our population will insist upon loans to other nations, while another part will insist upon our attempting to collect some of the money which we have already advanced to other nations. These dissimilar contentions create conflicting forces. Specifically speaking, cotton growers and automobile manufacturers will desire to export, while seacoast sugar refiners and others will desire to import. One question which will arise is, Has the cotton farmer a right to request an exchange rate low enough to accommodate the exportation of cotton when a higher rate of exchange would be sufficiently low to accommodate a satisfactory exportation of other commodities?

When the monetary conference is in progress it will be necessary for the representatives of the nations participating to give great consideration to factors which determine the supply of, and the demand for, United States dollar exchange. If the exchange value is to be determined by free-trade conditions that will be one proposition: But if there are to be maintained artificial barriers, exchange controls, internal price ceilings, that will indeed be something different. The nearer the price for the currencies is determined by the free play of the law of supply and demand, the less general disturbance there will be. But we have to bear in mind that every transaction whether represented by the movement of goods or the rendering of a service, or the extension of a loan, or the servicing of a debt, or even the gift of goods as through lend-lease and U. N. R. R. A., will have a great bearing on the remittances required to facilitate these transactions as between residents of the United States and those of foreign countries. Those transactions which call for remittances to be made by our citizens to the nationals of other countries will increase the supply of United States dollars and tend to lower the price of United States exchange—if we lower our United States import tariff or if we continue to extend vast loans to other countries, that will move in the direction of a lower price on United States exchange. But on the other hand, transactions which call for the nationals of other countries to make remittances to the people residing in the United States will create a situation more or less favorable to a higher price for United States dollar drafts—this because those in other countries desiring to make remittances to our citizens must purchase dollar exchange. In this connection what are we to do with our synthetic rubber production in the post-war period? Are we to subsidize this industry by tariffs or otherwise thus making it not only unnecessary for us to import natural rubber, but perhaps placing the industry on a basis where we will be exporting synthetic rubber to the nationals of other countries creating a situation where it will be necessary for them to purchase dollar exchange with which to pay our manufacturers for the synthetic rubber, or its products, shipped to other countries? Again, if we attempt to collect from the other nationals for any part or all of the lend-lease shipments which we are now making, to the extent we succeed in making those collections the nationals of other countries will have to find dollar exchange to remit to us. And if we decide to unload any or all of our present stock of gold on other countries, in some way they will have to provide dollar exchange or its equivalent. Many other illustrations could be given.

It is reasonable to assume that many forces will seek to have the United States Government pursue policies which will result in a high price for United States exchange. Such a step would prove of tremendous importance to the cotton industry, for instance, for it might greatly interfere with the exports of cotton. Once a relative price on currencies is agreed upon, what chance is there for an important change to be made? Will it not be the purpose of the international exchange stabilization agency to "maintain" the established rate Under such an arrangement, and with our allegedly huge stocks of gold, a situation might develop wherein the United States would attempt to export gold instead of cotton.

And would not the maintenance of a high price on dollar exchange give the British Government and other great manufacturing countries an open door in the Latin-American market, and thus make it practically impossible for the industries of the United States to enjoy heavy sales in that region? Britishers are experienced, they are trained, they need not apologize to anyone in connection with their ability to induce favorable agreements whether it be in the field of diplomacy, trade, finance, or otherwise. We can learn some lessons from recent contacts if we desire to do so.

Mr. Chairman, it is now time for Congress to thoroughly comprehend the issues involved in these matters which we are now considering. The great industries of this country, whether it be that of growing grain, livestock on the hoof, wheat, cotton, the production of automobiles, other consumers' goods, or the rendering of service, we are all now approaching the hour where most serious attention must be given to these questions, and the issues involved must be comprehended, otherwise some branch of American industry is going to be terribly damaged.

In closing these remarks I must not overlook the tremendously important part our State Department will insist upon playing, and all in connection with these monetary negotiations. As a matter of fact, I shall not be surprised if the Department of the Treasury is forced to play a secondary part to that of the Secretary of State, and those directly associated with the latter actually dominating the entire deliberations and blocking every proposal unacceptable to the State Department. Secretary Hull has for too many years pursued his economic philosophy of free trade to permit the opportunities presented this present hour to pass him by. Indeed, he will capitalize on a situation of such tremendous importance to his past history.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. CRAWFORD] has expired.

Patriotism at a Price

SPEECH

OF

CLARE E. HOFFMAN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, June 5, 1944

Mr. HOFFMAN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. HOFFMAN. Mr. Speaker, a recent column by Walter Winchell, who seems to think it necessary to advertise that he is patriotic, indicates that he thinks some people's loyalty must be purchased.

Winchell, you may recall, prides himself upon the fact that he holds the rank of a lieutenant commander in the Navy, even though he is not in uniform, has no duties as an officer, and receives no pay from the Navy. Insofar as a real contribution to the Navy's war effort is concerned, he is on the inactive list. As a creator of ill feeling, the originator and distributor of vilification, he has been and is a past master.

Winchell, a lieutenant commander in the Navy, although not speaking as such, recently threatened that, unless Congress took certain action reducing the tax on night clubs, the actors' union would forbid members from participating in bond rallies. Coming from an officer in the Navy, that statement made by anyone other than Winchell, would seem rather startling.

Note what the Omaha World Herald, of Omaha, Nebr., had to say on that particular broadcast. Let me quote:

> From his own particular "beat," and concerning his dear friends of the gigglewater set, Columnist Walter Winchell writes:
>
> "If Congress fails to act on Congressman KNUTSON's bill to reduce the 30-percent tax on night spots (which is making too many entertainers jobless), the night-club actors' union will forbid members from participating in bond rallies."
>
> In other words:
>
> Hooray for the war (provided it doesn't interfere with my racket).
>
> Down with Hitler (if it doesn't cost me anything).
>
> Buy bonds. Buy bonds. (But if anybody tries to tax me—bye-bye, bonds.)
>
> It is an intriguing philosophy, and one which might produce interesting results if adopted outside Mr. Winchell's circle of superheated patriots. For example, suppose the investment banker were to say: "If you don't take me out of the 95-percent bracket, I'll buy no more bonds." Or suppose the magazine or newspaper publisher were to say: "You'll get no publicity for the war drives from me unless you restore the newsprint cuts."
>
> We hope the Members of Congress read Mr. Winchell's paragraph, and we hope it inspired them to stand pat.

Veterans' Rights to Reemployment Under Selective Service Act

EXTENSION OF REMARKS

OF

HON. JOHN C. KUNKEL

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Monday, June 5, 1944

Mr. KUNKEL. Mr. Speaker, when the Congress passed the Selective Training and Service Act of 1940 it enacted certain provisions to assure the reemployment of veterans in their old jobs when they were honorably mustered out of the service. Recently, the national headquarters of Selective Service issued a memorandum stating the general rules and regulations which Selective Service will put into effect in order to carry out the congressional will. Naturally