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CONGRESS DUBIOUS ON TARIFF SLASHES

Leaders Predict a Hard Fight for Renewal of Reciprocal Trade Agreement Act

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WASHINGTON March 27—

While Congressional leaders predict a harder-than-usual fight for renewal of the Reciprocal Trade Agreement Act, for which President Roosevelt pleaded in a message yesterday, an informal poll of of Senatorial sentiment today showed that the principal opposition arises over the issue of legislative versus executive power with little disposition to return to the old system of general tariff acts.

Foreign countries are reported as looking upon the coming vote for renewal of the reciprocal program, with its authority to lower tariffs another 50 per cent below existing rates, as a test of whether the United States will enter the post-war era disposed to make the greater purchases of foreign goods, which is the only hope these countries have in the long for obtaining the dollars with which to pay for their purchases here.

Strong Opposition Seen

Chairman Robert L. Doughton of the House Ways and Means Committee and Chairman Walter F. George of the Senate Finance Committee, who will direct the measure through Congress, both stated they expect stronger opposition this time than heretofore, and both of them have pointed to the legislative grant of power to the executive as the main area of controversy.

Robert Lincoln O'Brien, former chairman of the United States Tariff Commission, had the following comment on the President's request for extension of the act:

"After the last war we raised tariffs, notably in the Smoot-Hawley bill, thus preventing our debtors from repaying us and badly aggravating the international situation. That was a step in the wrong direction.

The most vocal Congressional opposition comes from members like Senator Joseph C. O'Mahoney, Wyoming Democrat, who direct their fire against the "blanket" authority, within pre-determined limits, granted by Congress to the Executive to alter existing tariffs.

Asked how he would change the bill as presented to Congress, he replied "Congress should at least have a veto on tariff changes.

"Is it reasonable to suppose," he was asked, "that unless some such measure becomes law the effect might be the same as that of the Smoot-Hawley bill which, according to some authorities, made it impossible for our foreign creditors to pay their debts?"

Purchasing Power Needed

"The future prosperity of the world does not depend on foreign trade alone," he replied. "It goes far deeper. We must build up the purchasing power of people everywhere. Advocates of the reciprocal trade theory are not interested in building up consuming power but only in lowering American tariff revenues, and that is not a solution of the economic ills from which the world suffers. Tariffs are a mere symbol of the trouble."

Annual per capital consumption of sugar in the United States runs about 150 pounds, compared with less than five pounds in China, he declared.

"Build up the consuming power of China," the Senator said, "and the tariffs will take care of themselves."

Senator Elmer Thomas, Democrat of Oklahoma, and Chairman of the Senate Agriculture committee who may be regarded as speaking for at least a segment of Western agriculture, made this comment:

"I have supported it in the past and I propose to do so again. I will support the administration on this. If you don't do it you'll have to have a general tariff revision and we're just in no shape to do that."

Senator John H. Bankhead, Democrat of Alabama, who represents a cotton constituency, said he had not had time to familiarize himself with the new bill but he is "for the doctrine" of reciprocal trade and will do everything he can to obtain "a higher level of foreign trade."

Representative a minority view was Senator Henrik Shipstead, Republican, of Minnesota, who said he had voted against extension of the act the last time it came up for renewal, even though originally supported it "because I didn't think it had been properly administered."

The Bretton Woods Financial and Monetary Conference said in a resolution last July there should be some kind of international agreement on commercial policy in which tariffs are an important element if the conference's proposals for a monetary fund and Bank for Reconstruction and Development are to succeed in the financial field. The conference recognized that credits were merely temporary means of financing imports and that balancing exports are ultimately essential.

Administration spokesmen said an international conference on commercial policy was still planned, but thus far insufficient progress had been made in preparatory negotiations to set a date.