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Wallace Asserts Low Tariff Can Avert a 3d War

Removal of Trade Walls Would Give World a Chance, Committee Hear

From the Herald Tribune Bureau

WASHINGTON, April 24.—Henry A. Wallace, Secretary of Commerce, told the House Ways and Means Committee today he believed the removal of high tariffs and international trade barriers would give the world "a fighting chance to prevent World War III."

Mr. Wallace held the stand for a second day on legislation to extend the reciprocal trade agreements act for three years after June 12 and also to give the President the additional authority to reduce tariff rates 50 per cent as of Jan. 1, 1945, or in many cases 75 per cent below rates of the tariff act of 1930.

Representative Bertrand W. Georhart, Republican, of California, challenged Mr. Wallace's previous assertion that failure to renew the trade agreements program would be "step toward isolationism." He also contended that the claims originally advanced for the trade agreements have not been justified by subsequent events; that unemployment was not eliminated and war was not averted. He demanded to know what promises were being held out now for the program—a demand that brought forth Mr. Wallace's prediction that a third world war might be averted.

Knutson Apologizes

When the hearing opened today Representative Harold Knutson, of Minnesota, ranking Republican member, apologized publicly to Mr. Wallace for a remark Mr. Knutson made yesterday reflecting on the secretary's intelligence. Representative Knutson explained that he felt so keenly on the trade agreements issue that "I allowed my zeal to get the better of me."

"I understand completely and I accept the apology in the spirit in which it is offered," Mr. Wallace replied.

Mr. Wallace and Representative Gearhart disagreed sharply on the part that tariff rates played in the prosperity of the United States in the 1920s. Mr. Wallace argued that in that period other nations were able to buy American goods only as long as American loans were made. When the loans stopped, he said, the crash came, because other nations were not able to pay in goods.

Shut Out of Markets

"Insofar as there was failure, it resulted from the tariff policy we followed after the World War," Mr. Wallace said. "That is what shut us out of world markets after we stopped loaning money abroad."

Representative Gearhart promptly replied that, although denouncing the loans of that period, the New Deal is now arranging loans all over the world, and cited Breton Woods plan as one phase of the policy.