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Agriculture: Peek

PS F Peek

5-23-34

LETTER
TO
THE PRESIDENT
ON
FOREIGN TRADE

FROM
GEORGE N. PEEK
Special Adviser to the President on Foreign Trade



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON: 1934

ACKNOWLEDGMENT

This office is indebted to the Secretary of Commerce, Daniel C. Roper, and Assistant Secretary of Commerce, John Dickinson, for their cooperation, particularly in making available the services of Dr. Grosvenor M. Jones, Dr. Amos E. Taylor, and Dr. Paul D. Dickens, of that Department, for assistance on the figures contained in this letter and the accompanying summary sheets. Their services were invaluable to us in the collection of the figures and in the final determination of their correctness after the tentative balance sheet was prepared. It is impossible to accord full acknowledgment to others for their advice and generous assistance.

GEORGE N. PEEK.

(1)

LETTER FROM THE PRESIDENT

THE WHITE HOUSE,
Washington, June 12, 1934.

HON. GEORGE PEEK,

Special Adviser to the President on Foreign Trade,
Washington, D.C.

MY DEAR MR. PEEK: Your letter of May 23d and the figures you have presented are of tremendous interest to me and I am sure will be to others. I suggest that you make them public.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

(2)

**LETTER FROM GEORGE N. PEEK, SPECIAL ADVISER TO
THE PRESIDENT ON FOREIGN TRADE**

OFFICE OF THE SPECIAL ADVISER TO THE
PRESIDENT ON FOREIGN TRADE,

Washington, May 23, 1934.

The PRESIDENT,
The White House.

DEAR MR. PRESIDENT: Pursuant to our conversations, I have caused certain studies to be made with respect to foreign trade problems. In the course of these studies we have set up a tentative international balance sheet to see what the present situation is with respect to our foreign business and to attempt to ascertain from the records some reasons for the prevailing conditions.

The figures in the attached exhibits show that the trend in our international trade has been cumulatively disadvantageous to us. In our international commercial relations we have not utilized the simple device of a balance sheet to discover whether we have been doing business at a profit or at a loss. As you have stated a number of times, our exports and our imports of goods and services must balance. During the periods covered by the figures these exports and imports have been grossly out of balance; nevertheless, we have pointed with pride to our "favorable balance of trade."

We have no adequate national bookkeeping system for our foreign financial relations. The statistical bases for the balance of payments estimates since 1922 are the figures published annually by the Department of Commerce. For earlier years extensive use was made of the studies by the Harvard University Committee of Economic Research which compiled estimates for a number of years, ending with 1921. The basic data are unsatisfactory in some respects and in some instances represent estimates, but they serve to indicate the necessity for developing exact balance sheets between this country and each of the countries with which we are now dealing, or with which we propose to deal.

(3)

From these data we have assembled the figures covering the years from 1896 to 1933, inclusive, in order to show the commercial and financial trends of this country with the rest of the world. Thus assembled, they indicate that in this 38-year period—

we sold to the world goods in the amount of... \$121, 250, 000, 000

we bought from the world goods in the amount
of..... 84, 604, 000, 000

thereby placing the world in debt to us for goods
in the amount of..... 36, 646, 000, 000

Thus, the value of our imports of goods is, on the face of these figures, less than 70 percent of our exports.

As against this export excess we must in fairness deduct the amounts which our tourists spent abroad, and which our immigrants, charitable organizations, and others sent abroad..... 19, 429, 000, 000

leaving an apparently favorable balance of..... 17, 217, 000, 000

Services rendered by us to the world such as shipping and freight services, together with interest and dividend payments on our foreign investments, interest and principal payments on war debts, miscellaneous and other items, placed the world in debt to us for an additional..... 26, 461, 000, 000

making a total owed to us of..... 43, 678, 000, 000

Services rendered to us by the world such as shipping and freight services, together with our interest and dividend payments on foreigners' investments in the United States, miscellaneous and other items, in the amount of..... \$18, 938, 000, 000
together with net gold imports
of..... 2, 095, 000, 000

reduced the world debt to us by..... 21, 033, 000, 000

resulting in a net increase during the 38-year
period in the debt owing to us amounting to..... 22, 645, 000, 000

This increase in debt is represented by foreign securities and other investments in foreign countries bought by United States citizens, net \$14,398,000,000, and war loans advanced by the United States Government, \$10,304,000,000, making a total of \$24,702,000,000. From these figures must be deducted United States securities and other investments made by foreigners in the United States, net \$2,057,000,000, resulting in the above net increase in debt of \$22,645,000,000. **Our national assets will be diminished by the amount of this debt which is not paid.** (These figures represent net capital movement,

and should be added to the estimated \$2,500,000,000 which foreigners had invested in the United States in 1896, and the estimated \$500,000,000 which we had invested in foreign countries in that year, to reflect the approximate present position.)

For the purpose of better comparison, and in order that the account for the war period may be set off by itself because of its special features, the accounts have been set up for four separate periods within the total period of 38 years covered by these studies. The first period is from 1896 to 1914, during which a relatively satisfactory state of commercial intercourse existed throughout the world; the second from 1915 to 1922, in which our trade with the world was distorted by the World War; the third from 1923 to 1929, during which the foundations for present conditions in world trade were laid; and the fourth from 1930 to 1933.

I invite your attention to certain outstanding items of each of these periods, namely:

PERIOD 1896-1914

1. The value of the goods we exported exceeded by the sum of \$8,853,000,000 the goods we imported.
2. Our tourists and immigrants spent or sent abroad funds to the extent of \$6,080,000,000.
3. Our own foreign investments increased from \$500,000,000 at the beginning of the period to \$1,500,000,000 at the end of the period.
4. At the beginning of the period foreign investments in the United States amounted to \$2,500,000,000, and at the end of the period they had increased to the new high of \$4,500,000,000.

PERIOD 1915-22

1. The value of the goods we exported exceeded by the sum of \$21,186,000,000 the goods we imported.
2. Our tourists and immigrants spent or sent abroad funds to the extent of \$3,500,000,000.
3. Our own foreign investments (private) increased by \$6,779,000,000 during this period, and we acquired obligations of foreign governments (the "war debts") in the sum of \$10,304,000,000.
4. At the beginning of the period foreign investments in the United States amounted to \$4,500,000,000, and at the end of the period these were reduced to about \$2,250,000,000.

PERIOD 1923-29

1. The value of the goods we exported exceeded by the sum of \$4,976,000,000 the goods we imported.
2. Our tourists and immigrants spent or sent abroad funds to the extent of \$7,021,000,000.
3. We took new foreign investments to a grand total of \$7,140,000,000.
4. During the period foreign investments in the United States increased by the sum of \$4,568,000,000.

PERIOD 1930-33

1. The value of the goods we exported exceeded by the sum of \$1,631,000,000 the goods we imported.

2. Our tourists and immigrants spent or sent abroad funds to the extent of \$2,828,000,000.

3. Our investments abroad were decreased by the net sum of \$521,000,000.

4. Foreign investments in the United States were decreased by the net sum of \$2,289,000,000.

I am transmitting with this letter certain summary sheets for the periods discussed and a recapitulation, in detail, for the entire period. During these preliminary studies I have become convinced that a change is necessary in our approach to foreign trade activities and their relation to our domestic problems. We must develop complete balance sheets between this country and each of the countries with which we are now dealing or with which we propose to deal. Certain information necessary in preparing these new balance sheets is not now available to the Government—I have particular reference to capital movements. To understand the past and to prepare for the future we must get the facts.

Faithfully yours,

GEORGE N. PEEK,
Special Adviser.

PERIOD NO. 1

JULY 1, 1896-JUNE 30, 1914

This is the pre-war period (18 years)

During this period we sold to the world goods in the amount of.....	\$31, 033, 000, 000
and we bought from the world goods in the amount of.....	22, 180, 000, 000

thereby placing the world in debt to us for goods in the amount of.....	8, 853, 000, 000
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As against this export excess we must deduct the amounts which our tourists spent abroad and which our immigrants, charitable organizations and others sent abroad.....	6, 080, 000, 000
---	------------------

leaving a balance owed to us of.....	2, 773, 000, 000
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Services rendered by us to the world such as shipping and freight services, together with interest and dividend payments on our foreign investments and miscellaneous and other items placed the world in debt to us for an additional.....	1, 498, 000, 000
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making a total owed to us of.....	4, 271, 000, 000
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Services rendered to us by the world such as shipping and freight services together with our interest and dividend payments on foreigners' investments in the United States and miscellaneous and other items in the amount of.....	\$5, 097, 000, 000
together with net gold imports of.....	174, 000, 000

reduced the world debt to us by.....	5, 271, 000, 000
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resulting in a net increase during the 18-year period in the debt owed by us amounting to.....	1, 000, 000, 000
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This increase in debt is represented by—

United States securities purchased and other investments made in United States by foreigners.....	2, 000, 000, 000
less foreign securities purchased and other investments made in foreign countries by United States citizens.....	1, 000, 000, 000

resulting in net increase in debt owed by us of.....	1, 000, 000, 000
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PERIOD NO. 2

JULY 1, 1914-22

This is the war period (8½ years)

During this period we sold to the world goods in the amount of	\$46, 952, 000, 000
and we bought from the world goods in the amount of	25, 766, 000, 000
thereby placing the world in debt to us for goods in the amount of	21, 186, 000, 000

As against this export excess we must deduct the amounts which our tourists spent abroad and which our immigrants, charitable organizations and others sent abroad	3, 500, 000, 000
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leaving a balance owed to us of	17, 686, 000, 000
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Services rendered by us to the world such as shipping and freight services together with interest and dividend payments on our foreign investments, interest and principal payments on war debts and miscellaneous and other items placed the world in debt to us for an additional	8, 532, 000, 000
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making a total owed to us of	26, 218, 000, 000
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Services rendered to us by the world such as shipping and freight services together with our interest and dividend payments on foreigners' investments in the United States and miscellaneous and other items in the amount of	\$5, 167, 000, 000
together with net gold imports of	1, 746, 000, 000

reduced the world debt to us by	6, 913, 000, 000
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resulting in a net increase during the 8½-year period in the debt owed to us amounting to	19, 305, 000, 000
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This increase in debt is represented by—

foreign securities purchased and other investments made in foreign countries by United States citizens, net	6, 779, 000, 000
United States Government loans to foreign governments (war debts)	10, 304, 000, 000
and United States securities repurchased from foreigners, net	2, 222, 000, 000

resulting in net increase in debt owed to us of	19, 305, 000, 000
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PERIOD NO. 3

1923-29

This is the post-war period (7 years)

During this period we sold to the world goods in the amount of.....	\$33,711,000,000
and we bought from the world goods in the amount of.....	28,735,000,000

thereby placing the world in debt to us for goods in the amount of.....	4,976,000,000
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As against this export excess we must deduct the amounts which our tourists spent abroad and which our immigrants, charitable organizations and others sent abroad.....	7,021,000,000
---	---------------

leaving a balance owed by us of.....	2,045,000,000
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Services rendered by us to the world such as shipping and freight services together with interest and dividend payments on our foreign investments, interest and principal payments on war debts and miscellaneous and other items placed the world in debt to us for an additional.....	10,667,000,000
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making a balance owed to us of.....	8,622,000,000
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Services rendered to us by the world such as shipping and freight services together with our interest and dividend payments on foreigners' investments in the United States and miscellaneous and other items in the amount of.....	\$5,875,000,000
together with net gold imports of.....	175,000,000

reduced the world debt to us by.....	6,050,000,000
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resulting in a net increase during the 7-year period in the debt owed to us amounting to.....	2,572,000,000
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This increase in debt is represented by—

foreign securities purchased and other investments made in foreign countries by United States citizens, net.....	7,140,000,000
less United States securities purchased and other investments made in the United States by foreigners, net.....	4,568,000,000

resulting in net increase in debt owed to us of.....	2,572,000,000
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PERIOD NO. 4

1930-33

This is the deflation period (4 years)

During this period we sold to the world goods in the amount of.....	\$9, 554, 000, 000
and we bought from the world goods in the amount of.....	7, 923, 000, 000
thereby placing the world in debt to us for goods in the amount of.....	1, 631, 000, 000
As against this export excess we must deduct the amounts which our tourists spent abroad and which our immigrants, charitable organizations and others sent abroad.....	2, 828, 000, 000
leaving a balance owed by us of.....	1, 197, 000, 000
Services rendered by us to the world such as shipping and freight services together with interest and dividend payments on our foreign investments, interest and principal payments on war debts and miscellaneous and other items placed the world in debt to us for an additional.....	5, 764, 000, 000
making a balance owed to us of.....	4, 567, 000, 000
Services rendered to us by the world such as shipping and freight services together with our interest and dividend payments on foreigners' investments in the United States and miscellaneous and other items reduced the world debt to us by.....	2, 799, 000, 000
resulting in a net increase during the 4-year period in the debt owed to us amounting to.....	1, 768, 000, 000
This increase in debt is offset by—	
decrease in United States securities and other investments in the United States held by foreigners, net.....	2, 289, 000, 000
less decrease in foreign securities and other investments in foreign countries owned by United States citizens, net.....	521, 000, 000
resulting in net offset of debt owed to us of....	1, 768, 000, 000

RECAPITULATION

International trade balance between the United States and the World, 38 years, 1896-1933, inclusive

(Figures in millions of dollars)

	July 1, 1896- June 30, 1914	July 1, 1914-22	1923-29	1930-33	Total
UNITED STATES BILL OF ITEMS TO WORLD					
1. Merchandise exports.....	31,033	46,952	33,711	9,554	121,250
2. Shipping and freight charges received.....	86	1,793	836	389	3,104
3. Interest and dividends received on United States private capital invested in foreign countries.....	760	1,470	4,770	2,440	9,440
4. Foreign tourists' expenditures in the United States.....			941	409	1,350
5. Immigrants' remittances and charity received in the United States.....					
6. Foreign government expenditures in the United States.....			269	52	321
7. Miscellaneous items.....	409	537	216	143	359
8. Unestimated items, errors, omissions, etc. (net).....	243	3,786	2,193	1,043	4,182
9. United States currency exported (net).....		166		696	4,705
10. Gold exported (net).....				119	166
11. Interest and principal received by United States Government on loans to foreign governments (war debts).....		800	1,442	473	2,715
PRIVATE CAPITAL ITEMS					
12. Net increase or decrease in foreigners' long-term investments in the United States.....	2,000	¹ 2,422	2,131	261	1,970
13. Net increase or decrease in foreigners' short-term investments in the United States.....		200	2,437	¹ 2,550	87
	34,531	53,262	48,946	13,029	149,768
WORLD BILL OF ITEMS TO UNITED STATES					
1. Merchandise imports.....	22,180	25,766	28,735	7,923	84,604
2. Shipping and freight charges paid.....	727	1,966	1,117	617	4,427
3. Interest and dividends paid on foreign private capital invested in the United States.....	3,800	965	1,787	557	7,109
4. United States tourists' expenditures in foreign countries.....	3,230	700	4,617	2,062	10,609
5. Immigrants' remittances and charity paid to foreigners.....	2,850	2,800	2,404	766	8,820
6. United States Government expenditures in foreign countries.....		2,225	466	444	3,135
7. Miscellaneous items.....	570	11	2,152	1,021	3,754
8. Unestimated items, errors, omissions, etc. (net).....			143		143
9. United States currency imported (net).....			210	160	370
10. Gold imported (net).....	174	1,746	175		2,095
11. United States Government loans to foreign governments (war debts).....		10,304			² 10,304
PRIVATE CAPITAL ITEMS					
12. Net increase or decrease in United States long-term investments in foreign countries.....	1,000	6,509	5,843	14	13,366
13. Net increase or decrease in United States short-term investments in foreign countries.....		270	1,297	¹ 555	1,032
	34,531	53,262	48,946	13,029	149,768

¹ Italic denotes decrease.

² Accrued interest at time of refunding is not included in this amount.

TSF: Peek

his
private
Sec. "Peek"
(5) (1)

ASSISTANT SECRETARY OF STATE

WASHINGTON

May 23, 1935.

My dear Mr. President:

In accordance with your request I am transmitting herewith a memorandum outlining the general problems which you might desire to have Mr. Peek take up with the Italian, Turkish, and Balkan Governments should you determine to send him on the economic mission of which we spoke on Monday.

While you stated that you were not inclined to consider his extending his mission to Russia, and I assume that this is due to the present status of pending negotiations between the two countries, there are, of course, many trade matters that Mr. Peek might profitably take up with the Russian Government.

Believe me

Faithfully yours,

Enclosure.

The President,
The White House.

Thomas F. Peek

PSF Reels

DEPARTMENT OF STATE

ASSISTANT SECRETARY

May 22, 1935.

ITALY

The present drastic system of control of imports established by the Italian Government has worked havoc with the trade of the United States with Italy. In 1933 Italy purchased nearly twice as much from the United States as it sold here. Under the new system of control which requires balancing of trade accounts between Italy and other countries American trade has necessarily been cut approximately in half. For instance, the percentage of 1934 imports of key American products permitted entry in 1935 into Italy under the control system is: wheat, 0; tobacco, 0; lard, 20%; cotton, 25%; iron, 30%; machinery, 25%; motor vehicles, 25%. As a result of representations made by us certain of these percentages have been very slightly increased.

With the fourteen countries with which Italy has general clearing agreements the Italian Government has established 100% quotas on the ground that clearing agreements have the tendency of balancing the commercial exchanges of both parties to such agreements. This operates further to restrict imports from the United States inasmuch as there is, of course, no clearing agreement

between the United States and Italy. ~~believed Italy would~~ In the discussion of the negotiation of a trade agreement between Italy and the United States, Italy has been informed that the United States will not sign any agreement (a) which does not envisage increased exports from the United States to Italy, and (b) whereby the amount of American exports to Italy will depend upon the amount of Italian exports to the United States. This Government has taken the position that the allotment of quotas or exchange to the United States should be based upon a criterion such as the share of Italian imports enjoyed by American trade during a representative period rather than upon the amount of American purchases of Italian goods. Although the Italian Government has indicated that it sees no reason why negotiations for a trade agreement should not continue, indicating acquiescence with our point of view, it is probable that this policy is directed towards postponing retaliatory action by the United States through non-generalization of concessions.

In view of this situation it would be highly interesting for this government if as an emergency measure barter agreements could be negotiated with the Italian Government. The United States is in a position to furnish essential raw materials such as cotton, copper,

petroleum, lard, and wheat which it is believed Italy would import provided she could arrange for an equivalent amount of exports.

There should be further secured a commitment that foreign exchange will be furnished immediately to importers who have been granted import permits within quota limits. Under present conditions foreign exchange is not available immediately. The delay varies from a few days to a few months, depending on the volume of export exchange available. The fact that Italian exports to the United States comprise 9% of the total exports while American exports to Italy comprise only 2% of our total exports might carry weight in a favorable sense with the Italian Government.

Information should be obtained from the Italian Government as to their foreign trade control plan. This presumably would necessitate a discussion of monetary stabilization since the Italian system of control of imports and exports was adopted primarily for monetary reasons.

THE BALKANS AND TURKEY

The 1926-30 average of the trade between the United States and Yugoslavia, Bulgaria, and Albania including exports and imports totaled less than \$5,000,000

per annum. There should be opportunities for trade expansion in this area.

The 1926-1930 average of the trade between the United States and Greece, Rumania, and Turkey totaled approximately \$67,000,000 per annum. The adoption by these countries of quota systems and exchange regulations has resulted in a great reduction in the total of this trade. The figure for 1933 was approximately \$20,000,000. There should be real opportunities for increasing our exports to these three countries.

Our greatest loss has been with reference to wheat purchases by Greece. Prior to 1933 we supplied Greece with about 50% of its foreign wheat, in this instance chiefly hard red winter wheat. While there is at the present time no exportable surplus of this wheat, it may be desirable to discuss with the Greek authorities the possibilities of reopening this market in the event that we are again in the position to export hard winter wheat.

With Rumania our exports have always outweighed our imports. In 1934 we exported \$5,440,000 worth of goods to that country and only purchased Rumanian goods in the amount of \$160,000. On March 1, 1935, this Government was informed by the Government of Rumania that in view of "the difficulties of Rumanian foreign trade

and the deficit in the Rumanian trade balance with the United States, the Rumanian Ministry of Industries and Commerce has found itself obliged to suspend authorization for the importation of American merchandise pending the conclusion of an agreement safeguarding the interests of both parties." This Government has suggested in reply that in view of the exchange of notes of August 20, 1930, according mutual unconditional most-favored-nation treatment in the matter of prohibitions and restrictions of exports and imports, the Rumanian Government would no doubt wish to review the decision referred to, and the Rumanian Government on April 20 last stated that the decision quoted merely constituted a declaration of principle and that in practice American imports were being admitted in quantities substantially equal to those of a year ago. This situation, however, is obviously unsatisfactory and some more advantageous solution should be negotiated.

PSF: Park

EXPORT-IMPORT BANK OF WASHINGTON
WASHINGTON

July 16, 1935

The President

The White House

Dear Mr. President:

I submit herewith for your signature a draft of an Executive Order terminating the Office of Special Adviser to the President on Foreign Trade. In view of Executive Order No. 7076, of June 15, 1935, continuing all agencies created under Title I of the National Industrial Recovery Act, this action is necessary to give formal effect to the decision which we discussed some weeks ago.

In reviewing the work of this office, certain comments seem appropriate. At the time I undertook the duties of Special Adviser, I indicated the necessity of setting up a national bookkeeping record of the movement of visible and invisible accounts comprising our international balance. Accordingly intensive studies were initiated in the Office of the Special Adviser, in cooperation with the Department of Commerce. The results of these basic studies were presented to you in three letters dated respectively May 23, 1934, August 30, 1934, and April 30, 1935, which were subsequently made public at your direction. Arrangements now have been made to have these studies carried forward, country by country, in the Department of Commerce and to have quarterly statements of our balance of international payments issued by that Department. The establishment and expansion of this system of national bookkeeping appears to me to be an important step forward and to afford an indispensable guide to the Government and to the public in our commercial and financial dealings with foreign nations.

As these studies progressed I was forced inescapably to the conclusion that our general depression and the financial collapse of 1931-1932 were traceable in very large measure to the commercial and financial policies pursued by the three post-war administrations in their relations with foreign nations. The effect was to permit a draining off of our liquid resources by foreign nations. These policies rendered us vulnerable to the economic shocks which eventually overwhelmed us.

This conclusion in turn led me to make to you two recommendations of major importance designed to correct the condition to which I refer.

First, was the creation of a permanent foreign trade board to co-ordinate the various foreign trade activities of the Government under unified direction and to deal comprehensively with our foreign commercial and financial activities. The creation of such an agency appears to me vital if we are to develop adequate foreign trade policies and to administer them

effectively. It is my hope that legislation to this end may be introduced in Congress for action at its next session. In this connection I inclose a tentative draft of the form which such legislation might appropriately take as a possible basis for Congressional discussion.

Second, I have recommended that we abandon the unconditional most-favored-nation policy adopted under the Harding administration and return to the traditional American policy of extending conditional most-favored-nation treatment only on a quid pro quo basis.

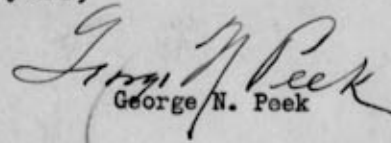
My objections to the unconditional most-favored-nation policy are two-fold. In the first place, its use involves the progressive destruction of our bargaining power at a time when the conditions in international trade require that we retain the maximum freedom of action and bargaining power if our nationals are to compete on equal terms with the nationals of other countries in the markets of the world. In the second place, the result of the generalization of concessions under the unconditional most-favored-nation policy is to effect a general reduction of our tariff in return for scattered concessions from a limited number of nations. The limited safeguards surrounding the trade agreements already made leave the country apprehensive of what may happen next. The declaration of policy of the Reciprocal Trade Agreements Act does not suggest that Congress in passing it intended to delegate power to effect a general tariff reduction or appreciated that the authority conveyed might be used for that purpose. I believe that a low tariff policy is not an appropriate one for us at a time when our internal economic balance is in process of readjustment and when unemployment figures remain at their present level. I think that before we attempt general tariff reduction there should be a clear indication of policy from Congress on the subject.

In renewing my recommendations I feel that I have completed the special task which you asked me to undertake eighteen months ago. The work of the Special Adviser's Office has been completed, and its recommendations are in your hands. The Export-Import Banks have been reorganized and are in a position to continue their activities. It therefore seems an appropriate moment for me to renew my previous request to be relieved and to tender my formal resignation as Special Adviser and as Trustee of the Export-Import Banks, to take effect immediately. I am submitting my resignation as President of the Banks to the Board of Trustees at its next meeting.

My fundamental reason for taking this step is that I feel increasingly out of sympathy with the foreign trade policies now being pursued. I believe that national recovery will be impossible so long as these policies are continued.

I cannot express too highly my appreciation of the personal courtesies and consideration which you invariably have shown me. You have my very best wishes for success in the task of recovery that lies before you.

Sincerely yours,


George N. Peek

Incls.

DRAFT OF EXECUTIVE ORDER

WHEREAS, the Office of Special Adviser to the President on Foreign Trade was established by Executive Order No. 6651 of March 23, 1934, and its authority and activities extended until April 1, 1936, by Executive Order No. 7076, June 15, 1935, subject, however, to any limitation, modification or cancellation the President may make by Executive Order, and

WHEREAS, said Office has substantially completed the work for which it was established;

NOW, THEREFORE, by virtue of and pursuant to the authority vested in me by Title I of the National Industrial Recovery Act (48 Stat. 195) as amended and extended by Senate Joint Resolution 113 approved June 14, 1935, it is hereby ordered that:

- 1) said Office shall cease to exist on and after August 15, 1935;
- 2) the records pertaining to said Office shall be transferred to the Export-Import Bank of Washington;
- 3) the balances of funds and appropriations heretofore allocated for the use and maintenance of said Office remaining unexpended on June 30, 1935, shall be available for expenditure by said Office until August 15, 1935, for the purposes authorized by Executive Order No. 6651 of March 23, 1934.

RF Peck
(S) (V)

July 17, 1935.

Dear George:-

I hope very much that you will reconsider your request to be relieved and the tender of your resignation as Special Adviser and as Trustee of the Banks. I ask this for a good many reasons: first of all, you have, as I have told you very often, done a splendid piece of work all along the line and in connection with your present duties you have brought out figures and facts which have given much food for thought along wholly new lines. This work is, as you have said yourself, not yet ended but must be carried on for at least another year and then made permanent and kept up to date.

I realize that there is not much work in connection with the two Banks at the present moment, but a general survey of the international trade situation leads me to believe that one bank, or indeed both, may become increasingly important this winter.

There is another thing which all by itself calls for your continuance with the Government.

I have, of course, not had an opportunity to study the proposed Foreign Trade Board bill and, furthermore, there is, of course, no probability of being able to get a Trade Board bill through at the present session of the Congress. Nevertheless, I think that everything

points to the creation of some kind of Foreign Trade Board. The English system has worked well for them and the time is approaching when we must have something more permanent and carry more weight than a mere Interdepartmental Board, set up informally, as it is at the present time.

This whole question deserves our earnest study between now and next January, and you, of course, are a very important part of such a study.

For these reasons, I hope much that you will reconsider.

Always sincerely,

Honorable George N. Peek,
Export-Import Bank of Washington,
Washington, D. C.

PSF: Peek
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See Peek
(5)(1)

THE WHITE HOUSE
WASHINGTON

PRIVATE AND PERSONAL

July 18, 1935.

MEMORANDUM FOR

HON. JESSE JONES

Here is the full correspondence with George Peek for your personal eye only. Please let me have it back.

In the meantime, can you get hold of George and tell him he is silly and stupid about the general Foreign Trade policy. The amount involved in the special Trade agreements is so small in dollars and cents and so small in relation to our total commerce that it is capitious of George Peek to try to make this an issue. As a matter of practical fact, his position is so close to that of the State Department that the difference is one of detail and not of principle.

I am not answering George's letter of July eighteenth until after I get back next Monday. Meanwhile will you see him and do what you can?

F. D. R.

6-26-35 F. D. R.

1351 Peek 2

COPY

*Make Hand
for your files
[7/25/35]*

Dear George:

I have considered your letter of the 18th very carefully.

I know how very keenly you feel on the subjects discussed and wish that I might be more entirely in agreement with you. As a matter of fact we are probably not as far apart in our views, as I feel the impracticability of accomplishing in a short period, the things that you want to accomplish.

At all events, George, I want the benefit of your services, at least until the management and policies of the Export-Import Bank can be more definitely fixed, and the work you have been doing as Special Adviser definitely adjusted.

As soon as Congress adjourns I want to go West for quite a trip and will hope to discuss these and other matters with you upon my return. Carry on and see me when I get back. Meantime get a vacation.

Sincerely yours,

(Signed) FRANKLIN D. ROOSEVELT

Honorable George N. Peek
President, Export-Import Bank
Washington, D. C.

file

not entered *PSF Peek* *©*

EXPORT-IMPORT BANK OF WASHINGTON
WASHINGTON

July 29, 1935

971

The President,

The White House.

My dear Mr. President:

I have your letter of July 25.

In view of your request that I remain at my post for the time being, I shall not now press the matter of my resignation, but will leave it for future events to determine. At the same time I repeat that I think that I have finished the job you asked me to do.

It is true that I am anxious to see certain policies rectified within a brief period. I regard the policies in question as unsound economically and politically. I can not place myself in a position of endorsing them by remaining silent. Delay in revising them simply means a continuation and aggravation of the conditions created by the three preceding administrations. This is a point which political opponents are not likely to overlook.

I appreciate your suggestion as to taking a vacation, and hope to be able to act on it at an early date.

With my best wishes for an enjoyable trip west,
I am

Faithfully yours,

George N. Peek
George N. Peek,
President.

FOREIGN TRADE BOARD BILL

DRAFT OF
FOREIGN TRADE BOARD BILL

Submitted by
GEORGE N. PEEK
July 16, 1935.

FOREIGN TRADE BOARD BILL

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EXPLANATION OF FOREIGN TRADE BOARD BILL

Attached to this memorandum is a tentative draft of a proposed statute creating a Foreign Trade Board, a central agency designed to harmonize our foreign commercial and financial policies with our domestic economy, and to provide for separate and unified administration of our foreign commercial and financial activities.

The establishment of a permanent Board with power to deal comprehensively with foreign commercial and financial relations is a logical and necessary step under any circumstances but particularly under existing conditions. Other countries, in the light of their experience, have found it advisable to separate the control of their commercial policy from that of their diplomatic policy, and to adopt centralized methods of administering their foreign trade as contrasted with the decentralized and casual administration of foreign trade activities now practiced by the United States. In particular Great Britain has maintained an independent agency for many years separating the control of her foreign commercial activities from that of her diplomatic relations. More recently Germany, Italy, Japan, Russia and the other leading commercial nations have grouped their foreign trade activities under a single effective authority. These activities indicate that centralized and independent control is not only practicable but now indispensable to protect our national interest.

While the organization for foreign trade in these different countries differs in detail, all are based upon the principle of unified control. The following two Titles are suggested for legislation to provide a method by which similar coordination of American foreign trade activities may be accomplished. The prac-

tical and efficient example of the British Board of Trade has been used as a working model for this bill so far as it appears adaptable to our form of Government and our institutions.

Declaration of Policy

Section 2 of the bill sets forth the basic policies that will govern the application of both Titles of the bill. These objectives are

- (a) To adopt foreign commercial and financial policies that will supplement and conform to national domestic policies.

This is a direction to the administrators of the Act to take into consideration, in formulating foreign trade policies or coordinating existing policies, the effect of existing domestic legislation, particularly recent legislation designed to promote recovery, on the volume and character of our foreign trade.

- (b) To provide for separate and unified administration of the foreign commercial and financial activities of the United States (as distinguished from the diplomatic and political activities thereof).

This expresses two fundamental policies: to separate the control and direction of trade problems from the administration of diplomatic relations, and to unify the fifty or more agencies in the Federal Government concerned with foreign trade under a single centralized control.

- (c) To eliminate overlapping and duplication of effort and to reduce expenditures in the administration of foreign commercial and financial activities.

The guides to be followed in unifying the administration of foreign commercial and financial activities are here set forth.

- (d) To maintain uniform, accurate and current records of the commercial and financial relations of the United States with each individual country.

This indicates the governing policy for the preparation of statistics pertaining to world trade: bookkeeping country by coun-

try in accordance with a uniform system of accounting.

- (e) To provide adequate Governmental assistance in facilitating and in financing exports and imports and the exchange of commodities between the United States and other nations or the agencies or nationals thereof.

The policy here expressed is to furnish our nationals engaged in foreign trade direct assistance similar to that given by other governments to their traders, in order that our nationals may compete on equal terms with the nationals of other countries.

Title I - Foreign Trade Board

Section 3. Personnel: A Board consisting of five men, appointed by the President with the advice and consent of the Senate, is provided for. Geographical representation is assured, and appointees are to be selected for experience in agriculture, industry, labor, finance, commerce, transportation and government. They will devote their full time to the work of the Board.

Sections 4 and 5. Appropriation, Employees: Section 4 authorizes an appropriation for 1935 - 1936. Section 5 gives the Board power to employ and fix the compensation of such officers and employees as it may require, without regard to Civil Service laws.

Section 6. General Powers: To effectuate the declared policy, the Board is empowered.

- (a) To coordinate the foreign commercial and financial activities of the Federal Government.

This is intended as a broad general power, without definite limitations on the manner of exercising it. It is not, however, a power of direction, but rather advisory in its nature.

- (b) To obtain, review and coordinate statistics pertaining to world trade collected or prepared by other agencies of the Government, or elsewhere.

Access to all sources of information relating to world trade is essential.

- (c) To advise the President on all matters affecting foreign commercial or financial policies or activities.

This is the chief function of the Board, and covers all the specific advisory powers granted to the Board by later sections of the bill.

- (d) To approve, forbid or modify specific trade transactions which require or utilize Government participation.

This is a power to review barter or financing transactions between persons here and abroad, wherever Governmental assistance is invoked to aid in carrying out the transaction. It does not include, of course, strictly private transactions.

- (e) To assist the President in the preparation of commercial and financial agreements of every description.

Trade and exchange agreements chiefly are contemplated here. The President prescribes what negotiations, hearings, and investigations shall be committed to the Board. Under the British system, the British Board of Trade makes the necessary studies and conducts the basic negotiations with representatives of foreign governments in the formulation of such agreements, after which they are submitted to the Foreign Office for formal conclusion. A comparable division of authority between the Foreign Trade Board and the State Department is here suggested, although the exact point of division is left to Executive discretion.

Section 7. Cooperation of Other Departments: All agencies of the Government are directed to furnish information to the Board upon request, although such information may be supplied in confidence, if the President deems advisable. With the consent of the agency affected, the Board may also avail itself of the facilities and employees of such agency.

Section 8. Repeal of 1916 Anti-dumping Act: This section provides treble damages for importation below foreign market values and has been an unused provision for twenty years. It was superseded by the familiar Anti-dumping Act of 1921, which is a sufficient protection. Nevertheless, because it provides for access to the courts, it can never be regarded as a dead letter, and has caused importers some concern in recent years with regard to normal importations from "gold-bloc" countries.

Section 9. Import Licenses: This section re-enacts Section 3(e) of the National Industrial Recovery Act. When the President has reason to believe that articles are being imported in increasing ratio to domestic production and in sufficient quantities to endanger existing wage or price levels, he may cause an investigation to be made by the Tariff Commission. After the findings of the Tariff Commission have been examined by the Foreign Trade Board, the President may impose quotas and licenses on the importation of the offending articles.

Section 10. Capital Transfers: This section rewrites and clarifies the President's powers over transactions in foreign exchange under the Emergency Banking Act of 1933. All persons engaged in such transactions, including security transactions, are directed to furnish to the President complete information relative thereto. On the basis of such information, when the President finds, after consultation with the Foreign Trade Board, that any foreign country is discriminating, withholding or delaying payments due to United States citizens, he may license or prohibit described capital transactions with that country.

Section 11. Other Amendments to Existing Laws:

(a) Reciprocal Tariff Act of 1934: Section 4 is amended to direct the President to seek information from the Board, and from such other sources as he deems appropriate, before concluding trade agreements. This conforms to the general power granted to the Board in Section 5 to assist the President in the preparation of commercial agreements.

(b) Import Restrictions: Eight statutes dealing with the restriction of imports or shipping are amended by this section to centralize control in the President and to vest an advisory power in the Board, leaving factual investigations and administrative details in the departments to which they are now entrusted. The

authority to administer these eight laws at present is divided among the President (usually upon advice of the Tariff Commission), the Department of Agriculture, the Treasury Department, and the Shipping Board. The ascertainment of facts should obviously be left with the department best qualified to obtain them. The application of any import restriction, however, also involves a question of national policy, which can best be determined by the President with the advice of a group of qualified and responsible officials who have continuously devoted their time and thought to the general and special aspects of the problem presented.

The following laws have been amended:

1. Sugar and Tobacco Quotas: These may now be imposed by the Secretary of Agriculture under the Agricultural Adjustment Act and the Kerr-Smith Act. The bill transfers the authority to require such quotas to the President, leaving the conduct of factual investigations to the Secretary of Agriculture and giving the Foreign Trade Board advisory powers in the matter.
2. Anti-dumping Duties: An amendment is suggested whereby the essential finding of dumping will be made by the President after consulting the Foreign Trade Board, instead of by the Secretary of the Treasury. Findings of fact, administration, investigations and hearings are left in the care of the Treasury Department.
3. Countervailing Duties: The imposition of these duties is made discretionary, rather than mandatory. Authority to declare duties will rest with the President, after securing the advice of the Board, and the Treasury Department will continue its investigatory function.
4. Unfair Acts of Importation: This Section of the 1930 Tariff Act is amended by requiring findings of the Tariff Commission

to be submitted to the Foreign Trade Board before they are transmitted to the President for action.

5. Discriminatory Acts of Foreign Governments:

(a) The embargoes and additional duties authorized by Section 338 of the Tariff Act of 1930 are already vested in the President, and the bill merely requires that he consult the Board before issuing proclamations.

(b) A section in the anti-trust laws empowering the President to prohibit importations in retaliation for like prohibitions by foreign countries, has been amended to require consultation with the Board, and has also been expanded to include limitations on imports.

(c) The bill also directs that reports to the President concerning discriminations by foreign countries against American vessels, prepared after investigation by the Shipping Board under the authority of the Shipping Act of 1916, must be submitted to the Foreign Trade Board prior to submission to the President for diplomatic or legislative action.

The full text of each of these laws, showing the changes in wording suggested by the amendments, is set forth on separate pages attached at the end of the bill.

Some amendments may be suggested later to the pending A.A.A. legislation when its final form has been determined by Congress.

Section 12, Regrouping and Transfer: The Economy Act of 1933, which lapsed in March of this year, empowering the President to transfer or abolish agencies or functions thereof, has been rewritten to permit the President to exercise similar powers with respect to agencies concerned with foreign trade. The number and complexity of the agencies engaged in some phase of our foreign trade activities makes such a broad Executive power necessary in order to bring about sound and unified direction of these activities, and to effect desirable economies.

Section 13, Report to Congress: An annual report of expenditures, activities, and recommendations is provided.

Section 14, Unconstitutionality: Provides for separability of

provisions in the event any one or more are declared unconstitutional.

TITLE II - Foreign Trade Corporation

This Title provides for a business organization to render direct assistance to American nationals, particularly with respect to the exchange of commodities and the extension of credits therefor. Other nations have found that the corporate type of organization, with its administrative freedom, provides the flexibility needed to meet new and changing conditions in foreign trade.

The bill contemplates the use of the Export-Import Bank for this purpose, and suggests some additions to its charter powers to adapt it to the needs of the Foreign Trade Board.

Section 1, Duration: The effective existence of the Bank, now limited by Statute to June 16, 1937, is extended for a period of ten years.

Section 2, Chairman: The chairman of the Foreign Trade Board is directed to serve as chairman ex officio of the Board of Trustees of the Bank.

Section 3, Powers: Additional powers conferred upon the Bank are as follows:

- (a) To act as trustee or agent for any purpose which facilitates the financing or exchange of commodities, at the direction of any public or private agency, domestic or foreign.

This power is intended to enable the Bank to sell or exchange American surpluses to best advantage in international trade.

- (b) To purchase stock in a corporation whose sole purpose is to guarantee or insure credits.

This will enable the Bank to utilize a private corporation, if it is deemed desirable, to do a credit insurance business similar to the Export Credits Guaranty Department of the British Board of Trade.

- (c) To act as a depository of public money and as fiscal agent of the Government under regulations of the Secretary of the Treasury.

Under this power, the Bank may receive public moneys which are to be used to facilitate exports, and may act as agent for the Treasury in carrying out exchange or other financial agreements with foreign countries.

Section 4. Loans: The maturity of loans is limited to ten years, but obligations may be purchased having a longer maturity date upon certain findings of necessity and desirability. This removes an uncertainty as to the lending powers of the Bank which exists at present.

Sections 5 and 6. Capital Structure: These sections increase the authorized capital of the Bank to \$100,000,000, directing the Reconstruction Finance Corporation to allocate funds for that purpose; and also empower the Bank to borrow money, with the approval of the Secretary of the Treasury, up to three and one-half times its paid-in capital by issuing its obligations and marketing them, under appropriate restrictions, through regular Treasury channels.

* * * * *

ALTERNATE DRAFT OF TITLE 2.

In the event it is decided that a new Federal corporation is preferable to employment of the Export-Import Bank as an agency of the the Foreign Trade Board, Title 2 has been drafted in an alternate form.

This alternate Title 2 constitutes the members of the Foreign Trade Board as the Board of Directors of a Foreign Trade Corporation. The Foreign Trade Corporation is given the banking powers now exercised by the Export-Import Bank and the additional powers suggested in the preceding draft of Title 2.

The draft which follows is believed to be sound in principle; the details will require further study and discussion by Congress after public hearings.

George N. Peek

June 29, 1935.

**Note on Constitutional
Questions**

Note on Constitutional Questions

Sections 9, 10 and 12 of the bill vest broad powers in the President and present the question of delegated legislative power. The following discussion indicates the sources of the language used in these sections, and the reasons for the belief that they are valid delegations of power.

The wording of Sections 9 and 10 follows as closely as possible the model of the import license section of the A.A.A. amendments and of Sections 337 and 338 of the Tariff Act of 1930. Presumably, the A.A.A. amendments have been carefully scrutinized for constitutionality in the light of recent decisions of the delegation of power. Section 337 of the Tariff Act has been sustained by the Court of Customs and Patent Appeals, in *re Northern Pigment Co.*, 71 F. (2d) 447, and inferentially approved by the Supreme Court in the *Schechter* case, in which it was discussed along with the Federal Trade Commission Act (cf. footnote 12 of the decision). Section 338 is a related section, and it is assumed that this section also is probably a valid delegation of power.

Although no case has ever discussed the question, it has been pointed out that no limit has ever been placed by the courts on the powers of Congress with respect to foreign commerce. It may be that Congress can delegate its powers to control foreign commerce to a greater degree than it could for strictly domestic concerns. At least there are a number of strong precedents in the field of tariffs and embargoes, indicating that Executive action predicated on findings of fact under a very broad general standard is permissible. *Field v. Clark* 143 U.S. 649 (1891); *Buttfield v. Stranahan* 192 U.S. 470 (1904); *Hampton v. United States* 276 U.S. 394 (1928).

In Section 9, the President must find, after a factual investigation and report by the Tariff Commission, that articles are being imported or likely to be imported

(a) "in increasing ratio to domestic production of any competitive articles or articles, as compared with the ratio during a representative period not to exceed the preceding five years", and

(b) "in sufficient quantities to endanger or materially to interfere with the maintenance of existing wage or price levels in a trade or industry, efficiently and economically operated, in the United States".

It is probable that the wording of (b) is sufficient, by itself, to sustain the delegation. Compare the language of Section 337 of the Tariff Act, quoted by Chief Justice Hughes in the *Schechter* case:

"Unfair methods of competition and unfair acts in the importation of articles the effect or tendency of which is to destroy or substantially injure an industry, efficiently and economically operated, in the United States"

Also, the language of the A.A.A. amendments:

". . . . that any one or more articles are being imported, or are likely to be imported into the United States under such conditions and in sufficient quantities to render ineffective or materially interfere with any program or operation undertaken under this Title"

In addition to this basic standard, there is the further limitation contained in (a) that imports must be in increasing ratio to domestic production of like articles, as compared with the ratio over a representative period. The Tariff Commission will ascertain the "representative period", and obviously has a wide discretion in the choice of any particular period as "representative". Nevertheless, it is impossible for Congress to specify any particular period that will cover all articles that may be imported, and impracticable even to prescribe a rule that can be satisfactorily applied in all cases. The Tariff Commission is best fitted to determine the factors that enter into a choice of period, and at least the Commission is limited to some period within the last five years.

When the President has found the operative facts, he shall restrict entry only for such periods and under such conditions as will maintain existing wage or price levels, the basic standard of the Act. He can require licenses only to enforce a limitation on the total quantity of imports which is necessary to maintain the basic levels. If he exacts compensating duties, they are limited to 50% ad valorem on the value basis used in the Tariff Act of 1930. He can suspend, revoke, or modify orders only after the same investigation and report required for an original order and after a finding similar to that required for original orders.

Section 10 is based upon Section 338 of the Tariff Act, dealing with Executive prohibitions and embargoes for discriminations against American commerce. Subsection (a) of Section 10 directs persons in the United States to furnish complete information relative to capital transfers to the President. Subsection (b) then authorizes the President to impose prohibitions, quotas, or licenses on such transfers, subject to the following limitations:

(a) The President must find that a foreign country is discriminating against citizens of the United States as to the manner or amount of payments it has contracted to make, or is unnecessarily withholding or delaying such payments.

(b) The President must also find that the public interest will be served by the action he proposes to take, and must consult the Foreign Trade Board to determine this fact.

The basic standard set forth in (a) and (b) should be compared with the standard in Section 338 of the Tariff Act:

"Whenever the President shall find as a fact that any foreign country imposes any unequal imposition or discrimination as aforesaid upon the commerce of the United States, or that any benefits accrue or are likely to accrue to any industry in any foreign country by reason of any such imposition or discrimination he shall, when he finds that the public interest will be served thereby"

The term "public interest" has a well-defined statutory meaning, and has been used in numerous statutes to support delegations of power. It has an added significance here, where an agency intended to co-ordinate foreign trade policies is directed to advise the President on the course to pursue.

(c) The President can act only on the basis of the information supplied under subsection (a). A factual basis is thus assured, before any order can be issued.

(d) The President must also direct "such further investigation as he deems necessary". This is to provide for situations where the information supplied by American traders is incomplete to establish discrimination, as will usually be the case. The language is left in broad form because the character of the investigation that may be necessary is difficult to determine in advance. There is precedent for broad language, however, in the Anti-dumping Act of 1921:

"Whenever the Secretary of the Treasury, after such investigation as he deems necessary, finds that an industry in the United States is being or is likely to be injured by reason of the importation into the United States of a class or kind of foreign merchandise"

The action that may be taken by the President under Section 10 after making the above findings and investigations, is defined and limited in the same way as his authority under Section 9, and raises no new problems.

Section 12 is based on the Economy Act of 1933, the validity of which was never tested before it expired in March, 1935. While the transfer and abolition of departments or their functions is a legislative power, it is not a power that affects private rights or private property. The organization of the executive agencies of the Government is probably a matter over which the Chief Executive can exercise more power, and with less restriction, than would be the case where wholly private interests were involved.

It may also be questioned whether any person can present a case which will be recognized by the courts as sufficient to test the constitutionality of the provision. The right of a Government employee to question the transfer or abolition of the department in which he has been working is at least doubtful.

Assuming, however, that a court can find a basis of jurisdiction to consider the action of the President under this section, it is submitted that the court probably will not hold the delegation unconstitutional. The President's action in any specific case depends on an investigation after which he must "find" that a change is necessary in the executive agencies either

- (a) to separate commercial or financial activities from diplomatic or political activities, or
- (b) to eliminate overlapping or duplication of effort, or
- (c) to reduce expenditures.

These are fairly precise standards, and the finding must recite the purposes on which the action is based. Both the investigation and the written finding are limitations that help to sustain the section. There is also a provision that orders of the President must "lie over" in Congress for sixty days before becoming effective. Although this would probably be ineffective if the delegation were clearly bad, it may have some persuasive effect as a tacit approval by the legislative body of the actions of the Executive.

Foreign Trade Board Bill
Complete Text

BE IT ENACTED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES
OF THE UNITED STATES OF AMERICA IN CONGRESS ASSEMBLED, That

Sec. 1. This Act may be cited as the Foreign Trade Board
Act of 1935.

Sec. 2. It is hereby declared to be the policy of Congress:

(a) To adopt foreign commercial and financial policies that will supplement and conform to national domestic policies;

(b) To provide for separate and unified administration of the foreign commercial and financial activities of the United States (as distinguished from the diplomatic and political activities thereof);

(c) To eliminate overlapping and duplication of effort and to reduce expenditures in the administration of foreign commercial and financial activities;

(d) To maintain uniform accurate and current records of the commercial and financial relations of the United States with each individual country;

(e) To provide adequate Governmental assistance in facilitating and in financing exports and imports and the exchange of commodities between the United States and other nations or the agencies or nationals thereof.

Title I
Foreign Trade Board

TITLE I.

Section 3. There is hereby established a body to be known as the "Foreign Trade Board" (hereinafter called the "Board").

The Board shall consist of five persons appointed by the President, by and with the advice and consent of the Senate, one of whom the President shall designate as chairman. In making such appointments, the President shall select persons experienced in agriculture, industry, labor, finance, commerce, transportation and government. One person shall be appointed from the first, second and third Federal Reserve Districts; one from the fifth and sixth such Districts; one from the fourth, seventh and ninth such Districts; one from the eighth, tenth and eleventh such Districts; and one from the twelfth such District. Not more than three members of the Board shall be appointed from any one political party. Each member shall devote his full time to the business of the Board. Before entering upon his duties each of the members so appointed shall take an oath faithfully to discharge the duties of his office. Of the five members first appointed, one shall serve for two years and one for three years and one for four years and one for five years and one for six years, the terms of each to be designated by the President; the term of office of each member appointed thereafter shall be _____ years from the expiration of the term of his predecessor. Any member of the Board may be removed by the President for inefficiency, neglect of duty, or malfeasance in office. Whenever a vacancy shall occur otherwise than by expiration of term the person appointed to fill such vacancy shall hold office only for the unexpired portion of the term of the member whose place he is selected to fill. The chairman of the Board shall receive an annual salary, of \$ _____, and each of the other members shall receive an annual salary, of \$ _____.

Sec. 4. There is hereby authorized to be appropriated for the fiscal year ending June 30, 1936 out of any money in the Treasury not otherwise appropriated, the sum of \$, which sum shall be immediately available for such expenditures (including among others, expenditures for personal services, rent at the seat of Government or elsewhere, lawbooks, books of reference, newspapers and periodicals, contract stenographic reporting services, traveling expenses, paper, printing and binding, and reimbursement of any department or other establishment or agency for exceptional or unusual services) as may be necessary to carry out the provisions of this Act.

Sec. 5. The Board may delegate any of the functions and powers conferred upon it by this Title to such officers, agents, and employees as it may designate or appoint.

The Board shall have power to select, employ, and fix the compensation of such officers, employees, attorneys and agents, as shall be necessary to perform the functions and powers conferred upon it by this Act without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States; to define their authority and duties, to require bonds of them and fix the penalties thereof, and to dismiss at will such officers, employees, attorneys, and agents.

Sec. 6. In order to effectuate the declared policy, the Board shall have power:

To coordinate the foreign commercial and financial policies and activities of the Federal Government;

To obtain, review, and coordinate the information, statistics and data pertaining to world trade collected or prepared by any board, commission, independent establishment, executive department, or corporation of the Federal Government, or elsewhere;

To advise the President, from time to time or upon request, on all matters affecting the foreign commercial or financial policies and activities of the United States;

To approve, forbid, or modify specific trade transactions which require or utilize Governmental participation, whether financing transactions, barter transactions or any other form of Governmental participation authorized by law;

To assist the President in the preparation of commercial and financial agreements with foreign countries, including foreign trade agreements authorized by the Reciprocal Tariff Act of 1934, by making such investigations, conducting such negotiations, and holding such hearings as the President may prescribe, and by making recommendations to the President in connection therewith.

Sec. 7. The Foreign Trade Board may, with the consent of any Board, commission, independent establishment, executive department, or corporation, of the Government, including any field service thereof, avail itself of the services of the officials, employees, and facilities thereof, and secure any information necessary for the carrying out of this Title. All such boards, commissions, establishments, executive departments or corporations are hereby directed to make available to the Board (upon request, and wherever practicable in the form requested), any information, statistics and data they may have available pertaining to world trade or other matters relating to the subject of this Title; provided, however, that any such information, statistics or data may be made available in confidence, if, in the judgment of the President, it is incompatible with the public interest to have them made public.

Sec. 9. Section 801 of Chapter 463 of the Act of Sept. 8, 1916
(39 Stat. 798, U.S.C. 15:72; relating to importation or sale of
articles at less than market value or wholesale price) is hereby
repealed.

Sec. 9. (a) Whenever the President has reason to believe that any one or more articles are being imported or are likely to be imported into the United States in increasing ratio to domestic production of any competitive article or articles, as compared with the ratio during a representative period not to exceed the preceding five years, and in sufficient quantities to endanger or materially to interfere with the maintenance of existing wage or price levels in a trade or industry, efficiently and economically operated, in the United States, he shall cause an immediate investigation to be made by the United States Tariff Commission, which shall give precedence to investigations under this section, to ascertain the existence of such facts. Such investigation shall be made after such notice and hearing and subject to such regulations as the President shall specify.

(b) The findings of the Tariff Commission, with the record, shall be submitted to the Foreign Trade Board for consideration, after which the Board shall submit such findings together with the record and its recommendations to the President.

(c) If, after such investigation and report to him of findings and recommendations made in connection therewith, the President finds the existence of such facts, he shall by order direct that the entry of such article or articles shall be permitted for such period or periods and subject to (1) such terms and conditions, or (2) such limitations on the total quantity thereof which may be imported, or (3) the payment of such compensating fees, not to exceed 50 per centum ad valorem (on a basis of value as defined in Section 402 of the Tariff Act of 1930) or its equivalent, as he finds necessary to prescribe in order that the entry of such article or articles will not endanger or materially interfere with the maintenance of existing wage or price levels in a trade or industry, efficiently and economically operated, in the United States. In order to enforce any limitations imposed on the total

Sec. 9. (a) - Continued -

quantity of imports, in any specified period or periods, of any article or articles under this subsection, the President may by order forbid the importation of such article or articles unless the importer or consignee thereof shall have first obtained a license from the Secretary of the Treasury. Upon the issuance of any order of the President under subsection (c), the President shall inform the Secretary of the Treasury, who shall thereafter permit entry of any article or articles specified therein only in conformity with such order.

(d) Any decision of the President as to facts under this section shall be final.

(e) After investigation and report in the manner provided in the case of an original order, any order or provision thereof shall be suspended or revoked by the President whenever he finds that the circumstances are such that the order or provision is no longer required to maintain existing wage or price levels in an industry, efficiently and economically operated, in the United States, or shall be modified by the President whenever he finds that changed circumstances require such modification to make the order or provision conform to said existing wage or price levels.

Sec. 10. The Act of October 6, 1917, c. 106, Sec. 5(b), as amended (40 Stat. 415; 12 U.S.C. 95(a)) is hereby amended to read as follows:

"(a) Every person within the United States engaged in any of the following transactions -

- (1) any transaction in foreign exchange;
- (2) the transfer of credit between or payment by a banking institution in the United States and a banking institution in a foreign country;
- (3) the export or import of gold or silver coin or bullion or currency, or the hoarding, melting or earmarking thereof, or the transfer of title thereto, in a foreign country or for the benefit of a person in a foreign country or an alien resident in the United States;
- (4) the export or import of securities, or the transfer of title thereto in a foreign country or for the benefit of a person in a foreign country or an alien resident in the United States--

shall furnish under oath to the President, or to such
← agency or agencies as the President may designate, complete information relative thereto, in such form and in such detail as the President may require, including the production of any books of account, contracts, letters or other papers in connection therewith in the custody or control of such person, either before or after the transaction is completed.

"(b) Whenever the President finds as a fact, on the basis of such information and after such further investigation as he deems necessary, that any foreign country is discriminating against citizens of the United States in the payment of obligations contracted by it or by its nationals, either as to the manner or amount of such payments, or is unnecessarily withholding or delaying such payments

Sec. 10.- Continued -

to citizens of the United States, and when he finds that the public interest will be served thereby, he shall by order direct that any or all of the transactions referred to in subsection (a) of this section (except the transfers of title specified in said subsection), between persons in the United States and such foreign country directly or indirectly, shall be prohibited or permitted, for such period or periods and subject to such terms and conditions or such limitations on the total amount or value thereof, as he finds necessary to protect the interests of such citizens against such discrimination, withholding, or delay. In order to enforce any limitation on the amount or value of such transactions, in any specified period or periods, the President may by order forbid any such transaction unless the person seeking to engage therein shall have first obtained a license from the Secretary of the Treasury. Upon the issuance of any order of the President under subsection (b), the President shall inform the Secretary of the Treasury, who shall make such rules and regulations, with the approval of the President, as are necessary for the enforcement of such order.

"(c) Any order or provision thereof under subsection (b) shall be suspended or revoked by the President whenever he finds that the circumstances are such that the order or provision is no longer required to protect the interests of such citizens against ^{such} discrimination, withholding or delay, or shall be modified whenever he finds that changed circumstances require such modification to make the order or provision conform to existing conditions of discrimination, withholding, or delay.

"(d) The President shall, before issuing, suspending, revoking or modifying any order under this section, consult the Foreign Trade Board and secure its recommendations, in order to assist him in determining whether the public interest will be served thereby.

Sec. 10. - Continued -

"(e) Any decision of the President as to facts under this section shall be final.

"(f) Whoever wilfully violates any of the provisions of this section, or of any license or order, or provision thereof, or rule or regulation issued thereunder, shall, upon conviction, be fined not more than \$10,000, or if a natural person, may be imprisoned for not more than ten years, or both; and any officer, director or agent of any corporation who knowingly participates in such violation may be punished by a like fine, imprisonment, or both.

"(g) For the purpose of this section -

(1) The term "person" means an individual, partnership, association, corporation, joint-stock company, trust, unincorporated association, or government or political subdivision thereof;

(2) The term "United States" includes the several States and Territories, the District of Columbia, and all possessions of the United States;

(3) The term "foreign country" means any empire, country, dominion, colony or protectorate, or any subdivision or subdivisions thereof;

(4) The term "citizen" means any person, as defined in subdivision (1) of this subsection, born or naturalized or organized or formed in the United States; and not subject to the jurisdiction or power of any foreign country.

Sec. 11. Amend 19 U.S.C. 354 (relating to foreign trade agreements) by striking out in section 4 thereof everything following the semicolon, and by inserting in lieu thereof the following: "before concluding such agreement the President shall seek information and advice with respect thereto from the Foreign Trade Board and from such other sources as he may deem appropriate."

Amend 7 U.S.C. 608 a(1) (relating to sugar quotas) by striking out the words "Secretary of Agriculture may" in line 4 and inserting in lieu thereof the words "President, after submitting the matter to the Foreign Trade Board for consideration and recommendation, may" and by inserting after the word "time", in line 5 thereof the words "direct that the Secretary of Agriculture."

Amend 7 U.S.C. 765 (relating to tobacco quotas) by striking out the words "Secretary of Agriculture" in line 5 and inserting in lieu thereof the word "President" and by inserting in line 6 after the word "time", the words "after submitting the matter to the Foreign Trade Board for consideration and recommendations, direct that the Secretary of Agriculture,"

(Insert)

Amend 19 U.S.C. 160 (relating to anti-dumping) by inserting after the word "shall" in line 8 of subsection (a) thereof the words "report such findings to the Foreign Trade Board for consideration and recommendations, after which the findings shall be submitted to the President who shall", and by substituting the word "President" for the word "Secretary" in line 2 of subsection (b), and by substituting the word "President" for the word "Secretary" where it appears the second time in line 11 of subsection (b).

Amend 19 U.S.C. 161 by striking out the words "Secretary of the Treasury" in line 3 of subsection (a) thereof and substituting therefor the word "President".

Amend 19 U.S.C. 1303 (relating to countervailing duties under the Tariff Act of 1930) by striking out the word "shall" in line 13 thereof and substituting the word "may" therefor; and by striking out the second sentence of the section and substituting therefor the following two sentences "The Secretary of the Treasury shall from time to time ascertain and determine, or estimate, the net amount of each bounty or grant, and shall certify such finding to the Foreign Trade Board for consideration. The Foreign Trade Board shall submit such finding to the President together with its recommendations, and thereafter the President, in his discretion, may declare the net amount so determined or estimated."

Amend 19 U.S.C. 1337 (d) (relating to unfair practices in import trade) to read as follows: "The final findings of the Commission shall be submitted with the record to the Foreign Trade Board for consideration after which the Board shall submit such findings together with the record and its recommendations to the President."

Amend 19 U.S.C. 1337 (f) by striking out the semicolon in line 6 thereof and inserting in place thereof a comma and the words "and the results of such investigation shall have been submitted to the Foreign Trade Board for consideration and recommendations";

Amend 19 U.S.C. 1338 by adding at the end thereof a new section, to read as follows:

"(j) The President shall, before issuing, suspending, revoking, supplementing or amending any proclamation under this section, consult the Foreign Trade Board and secure its recommendations, in order to determine whether the provisions of such proclamation are consistent with the interests of the United States."

Amend 15 U.S.C. 75 (relating to the prohibition of importation) by inserting after the word "shall" in line 2 the words "limit or"; by inserting after the word "President" in line 4 a comma and the words "after submitting the matter to the Foreign Trade Board for consideration and recommendations"; and by inserting after the word "to" in line 5 the words "limit or".

Amend 46 U.S.C. 825 by inserting after the word "investigation" in the second line of the second sentence thereof the words "to the Foreign Trade Board, who shall transmit the report" and by inserting after the word "President" in the same line the word "together".

Sec. 12. (a) The President shall investigate the present organization of all executive agencies of the Government which deal directly or indirectly with the foreign commercial and financial activities of the United States and shall determine what changes therein are necessary to accomplish any of the following purposes:

(1) To separate the administration of foreign commercial and financial activities of the United States from the administration of diplomatic and political activities thereof;

(2) To eliminate overlapping and duplication of effort; and

(3) To reduce expenditures in the administration of foreign commercial and financial activities to the fullest extent consistent with the efficient operation of the Government.

(b) When used in this section, the term "executive agency" means any commission, independent establishment, board, bureau, division, service, or office in the executive branch of the Government, or corporation in which the United States of America is the principal stockholder and, except as provided in subsection (c) of this section; includes the executive departments.

(c) Whenever the President, after investigation, shall find and declare that any regrouping, transfer, or abolition of any executive agency or agencies and/or the functions thereof is necessary to accomplish any of the purposes set forth in subsection (a), he may by Executive order -

(1) Transfer the whole or any part of any such executive agency and/or the functions thereof to the jurisdiction and control of the Foreign Trade Board; or

(2) Abolish the whole or any part of any such executive agency and/or the functions thereof;

Provided, however, that the President shall not have authority under this section to abolish or transfer an executive department and/or all the functions thereof.

(d) The President's order directing any transfer or elimination under the provisions of this section shall also make provision for the transfer or other disposition of the records, property (including office equipment), and personnel, affected by such transfer or elimination. In any case of a transfer under the provisions of this section, the President's order shall also make provision for the transfer of such unexpended balances of appropriations available for use in connection with the function or agency transferred, as he deems necessary by reason of the transfer, for use in connection with the transferred function or for the use of the Foreign Trade Board.

(e) (1) All orders, rules, regulations, permits, or other privileges made, issued, or granted by or in respect of any executive agency or function transferred to the Foreign Trade Board under the provisions of this section, and in effect at the time of the transfer, shall continue in effect to the same extent as if such transfer had not occurred, until modified, superseded, or repealed.

(2) No suit, action, or other proceeding lawfully commenced by or against the head of any executive agency or other officer of the United States, in his official capacity or in relation to his discharge of his official duties, shall abate by reason of any transfer of authority, power, and duties from one officer or executive agency of the Government to the Foreign Trade Board or any officer thereof under the provisions of this section, but the court, on motion or supplemental petition filed at any time within twelve months after such transfer takes effect, showing a necessity for a survival of such suit, action, or other proceeding to obtain a settlement of the questions involved, may allow the same to be maintained by or against the Foreign Trade Board or any officer thereof to whom the authority, powers and duties are transferred.

(3) All laws relating to any executive agency or function transferred to the Foreign Trade Board under the provisions of this section, shall, in so far as such laws are not inapplicable, remain in full force and effect, and shall be administered by the Foreign Trade Board.

(f) In case of the elimination of any executive agency or function, the President's order providing for such elimination shall make provision for winding up the affairs of the executive agency eliminated or the affairs of the executive agency with respect to the functions eliminated, as the case may be.

(g) Whenever the President makes an Executive order under the provisions of this section, such Executive order shall be submitted to the Congress while in session and shall not become effective until after the expiration of sixty calendar days after such transmission, unless Congress shall by law provide for an earlier effective date of such Executive order or orders.

(h) No Executive order issued by the President in pursuance of the provisions of subsection (c) of this section shall become effective unless transmitted to Congress within _____ years from _____, 1935.

Sec. 13. The Foreign Trade Board shall make a report to Congress on the first Monday in January of each year containing a statement of its expenditures during the past years, a summary of its activities, and such recommendations as it may deem calculated to promote the efficiency of the Board and the purposes of this Act.

Sec. 14. If any provision of this Act or the application thereof to any person or circumstance is held invalid, the remainder of the Act and the application of such provision to other persons or circumstances shall not be affected thereby.

Title II
Foreign Trade Corp.

TITLE II

Section 1. Notwithstanding any other provision of law, the Export-Import Bank of Washington, a banking corporation organized under the laws of the District of Columbia as an agency of the United States (herein called the Bank), shall continue to be an agency of the United States for a period of ten years from the date of enactment hereof, unless sooner dissolved by an Act of Congress.

Sec. 2. The chairman of the Foreign Trade Board shall be
chairman ex officio of the board of trustees of the Bank.

Sec. 3. In addition to all other powers conferred by law, the Bank is hereby authorized and empowered for the purpose of aiding in the financing and facilitating exports and imports and the exchange of commodities between the United States and any of its territories and insular possessions and any foreign country or the agencies or nationals thereof:

To accept and execute trusts or agencies of any and every description which may be committed or transferred to it with its consent, by any person or persons, corporation, board or body, public or private, domestic or foreign;

To purchase with its funds any stock in any other corporation whose sole purpose is to guarantee or insure credits;

To act as a depository of public money, or to act as fiscal agent of the Government, when designated for that purpose by the Secretary of the Treasury, under such regulations as may be prescribed by said Secretary.

Sec. 4. Loans or advances made by the Bank shall have a maturity not exceeding ten years from the date on which they are made; provided, however, that nothing herein contained shall be construed to prohibit the Bank from purchasing obligations having a maturity exceeding the period prescribed above, when it is the judgment of the board of trustees of the Bank that the purchase of such obligations is necessary to facilitate authorized operations of the Bank and that it is not practicable to require reimbursement of the Bank within the period prescribed above, through the repurchase or payment of such obligations, or in any other manner. All loans and advances, and all such obligations purchased by the Bank, shall be fully and adequately secured.

Sec. 5. The authorized capital stock of the Bank is hereby increased by the sum of \$89,000,000, which shall be subscribed by the Secretary of the Treasury on behalf of the United States, payments for which shall be subject to call in whole or in part by the board of trustees as they deem necessary for the business of the Bank. The Bank shall issue to the Secretary of the Treasury receipts for payments by him for or on account of such stock, and such receipts shall be evidence of the stock ownership of the United States. In order to enable the Secretary of the Treasury to make such payments when called, the Reconstruction Finance Corporation is authorized and directed to allocate and make available to the Secretary of the Treasury the sum of \$89,000,000, or so much thereof as may be necessary, and for such purpose the amount of notes, bonds, debentures, or other obligations which the Reconstruction Finance Corporation is authorized and empowered, under Section 609 of Title 15, of U. S. C., 47 Stat. 9, to have outstanding at any one time, is hereby increased by such amounts as may be necessary.

Sec. 6. (a) The Bank is authorized and empowered, with the approval of the Secretary of the Treasury, to issue, and to have outstanding at any one time in an amount aggregating not more than three and one-half times its paid-in capital, its notes, debentures, bonds, or other such obligations. All such obligations shall mature not more than _____ years from their respective dates of issue and shall contain such provisions for redemption before maturity as the Bank may stipulate and shall bear such rate or rates of interest as may be determined by the Bank. The notes, debentures, bonds, and other such obligations of the Bank may be secured by assets of the Bank in such manner as shall be prescribed by its board of directors. All such obligations may be offered for sale at such price or prices as the Bank may determine with the approval of the Secretary of the Treasury: Provided, That the Bank, with the approval of the Secretary of the Treasury, may sell non-interest bearing obligations on a discount basis. All such obligations shall be fully and unconditionally guaranteed both as to interest and principal by the United States and such guaranty shall be expressed on the face thereof. In the event that the Bank shall be unable to pay upon demand, when due, the principal of or interest on notes, debentures, bonds, or other such obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, bonds, or other obligations.

(b) The Secretary of the Treasury, in his discretion, is authorized to purchase any obligations of the Bank to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any securities hereafter issued under the Second Liberty

Sec. 6. (a) - Continued -

Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the Bank's obligations hereunder. The Secretary of the Treasury may, at any time, sell any of the obligations of the Bank acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligations of the Bank shall be treated as public-debt transactions of the United States. Such obligations shall be eligible for discount or purchase by any Federal reserve bank. The Secretary of the Treasury, at the request of the Bank is authorized to market for the Bank its notes, debentures, bonds, and other such obligations, using therefor all the facilities of the Treasury Department now authorized by law for the marketing of obligations of the United States. The proceeds of the obligations of the Bank so marketed shall be deposited in the same manner as proceeds derived from the sale of obligations of the United States, and the amount thereof shall be credited to the Bank on the books of the Treasury.

Title II
Alternate Draft

Alternate TITLE II - FOREIGN TRADE CORPORATION

Section 1. There is hereby created a body corporate with the name "Foreign Trade Corporation" (herein called the Corporation). The principal office of the Corporation shall be located in the District of Columbia, but branches or agencies may be established in the United States and in any Territory or insular possession thereof and in any foreign country, under rules and regulations prescribed by the board of directors. The Corporation shall have succession for a period of ten (10) years from the date of the enactment hereof, unless it is sooner dissolved by an Act of Congress.

Sec. 2. The Corporation shall have capital stock of \$100,000,000 which shall be subscribed by the Secretary of the Treasury on behalf of the United States, payments for which shall be subject to call in whole or in part by the board of directors as they deem necessary for the business of the Corporation. The Corporation shall issue to the Secretary of the Treasury receipts for payments by him for or on account of such stock, and such receipts shall be evidence of the stock ownership of the United States. In order to enable the Secretary of the Treasury to make such payments when called, the Reconstruction Finance Corporation is authorized and directed to allocate and make available to the Secretary of the Treasury the sum of \$100,000,000, or so much thereof as may be necessary, and for such purpose the amount of notes, bonds, debentures, or other obligations which the Reconstruction Finance Corporation is authorized and empowered, under Section 609 of Title 15, of U. S. C., 47 Stat. 9, to have outstanding at any one time, is hereby increased by such amounts as may be necessary.

Sec. 3. (a) The management of the Corporation shall be vested in a board of directors consisting of the members of the Foreign Trade Board. The chairman of the Foreign Trade Board shall be chairman of the board of directors. Before entering upon his duties each of the directors and each officer of the Corporation shall take an oath faithfully to discharge the duties of his office. No director, officer, attorney, agent or employee of the Corporation shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interest, or the interest of any corporation, partnership, or association in which he is interested.

(b) The Corporation shall have power to select, employ and fix the compensation of such officers, employees, attorneys and agents as shall be necessary for the transaction of its business, without regard to the provisions of other existing laws or executive orders applicable to the employment and compensation of officers and employees of the United States; to define their authority and duties, to require bonds of them and to fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys and agents.

Sec. 4. (a) To aid in financing and to facilitate exports and imports and the exchange of commodities between the United States and any of its territories and insular possessions and any foreign company or the agencies or nationals thereof, the Corporation is authorized and empowered:

To do a general banking business; to receive deposits; to purchase, sell, discount, rediscount and negotiate, with or without its endorsement, and to guarantee, notes, checks, drafts, bills of exchange, acceptances, including bankers' acceptances, cable transfers, and other evidences of indebtedness; to purchase and sell securities, including obligations of the United States or of any State or any political subdivision thereof; to purchase with its funds, upon the approval of the President, any stock in any other Corporation whose sole purpose is to guarantee or insure credits, including the entire capital stock at par value and accrued dividends of Export-Import Bank of Washington and of Second Export-Import Bank of Washington, D. C., to accept bills or drafts drawn upon it; to issue letters of credit; to purchase or sell coin, bullion, and exchange; to borrow and lend money; to take over or provide for the administration or liquidation of any collateral accepted by it as security; to accept and execute trusts or agencies of any and every description which may be committed or transferred to it with its consent, by any person or persons, corporation, board or body, public or private, domestic or foreign; to act as a depository of public money, or to act as fiscal agent of the government, when designated for that purpose by the Secretary of the Treasury, under such regulations as may be prescribed by said Secretary; and to use all of its assets, including capital and net earnings therefrom, and all moneys which have been or may hereafter be allocated to or borrowed by them, in the exercise of its functions.

Sec. 4 - Continued -

(b) The Corporation shall have power to adopt, alter and use a corporate seal which shall be judicially noticed; to make contracts; to sue and to be sued, to complain and defend in any court of the United States, regardless of the amount involved; to purchase, lease, hold and convey such real estate as may be necessary or convenient for the transaction of its business; and to prescribe, amend and repeal, by its board of directors, by-laws, rules and regulations governing the manner in which its general business may be conducted and the power granted to it by law may be exercised and enjoyed, including such provisions for such committees and the functions thereof as the board of directors may deem necessary for facilitating its business under this Act.

Sec. 5. Loans or advances made by the Corporation shall have a maturity not exceeding ten years from the date on which they are made, and in no event exceeding fifteen years from the date of this enactment; provided, however, that nothing herein contained shall be construed to prohibit the Corporation from purchasing obligations having a maturity exceeding the period prescribed above, when it is the judgment of the board of directors of the Corporation that the purchase of such obligations is necessary to facilitate authorized operations of the Corporation and that it is not practicable to require reimbursement of the Corporation within the period prescribed above, through the repurchase or payment of such obligations, or in any other manner. All loans and advances, and all such obligations purchased by the Corporation, shall be fully and adequately secured.

Sec. 6. (a) The Corporation is authorized and empowered, with the approval of the Secretary of the Treasury, to issue, and to have outstanding at any one time in an amount aggregating not more than three and one-half times its paid-in capital, its notes, debentures, bonds, or other such obligations. All such obligations shall mature not more than _____ years from their respective dates of issue and shall contain such provisions for redemption before maturity as the Corporation may stipulate and shall bear such rate or rates of interest as may be determined by the Corporation. The notes, debentures, bonds, and other such obligations of the Corporation may be secured by assets of the Corporation in such manner as shall be prescribed by its board of directors. All such obligations may be offered for sale at such price or prices as the Corporation may determine with the approval of the Secretary of the Treasury: provided, that the Corporation, with the approval of the Secretary of the Treasury, may sell non-interest bearing obligations on a discount basis. All such obligations shall be fully and unconditionally guaranteed both as to interest and principal by the United States and such guaranty shall be expressed on the face thereof. In the event that the Corporation shall be unable to pay upon demand, when due, the principal of or interest on notes, debentures, bonds, or other such obligations issued by it, the Secretary of the Treasury shall pay the amount thereof, which is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, and thereupon to the extent of the amounts so paid the Secretary of the Treasury shall succeed to all the rights of the holders of such notes, debentures, bonds, or other obligations.

(b) The Secretary of the Treasury, in his discretion, is authorized to purchase any obligations of the Corporation to be issued hereunder, and for such purpose the Secretary of the Treasury is authorized to use as a public-debt transaction the proceeds from the sale of any

Sec. 6. (b) - Continued -

securities hereafter issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Bond Act, as amended, are extended to include any purchases of the Corporation's obligations hereunder. The Secretary of the Treasury may, at any time, sell any of the obligations of the Corporation acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of the obligations of the Corporation shall be treated as public-debt transactions of the United States. Such obligations shall be eligible for discount or purchase by any Federal reserve bank. The Secretary of the Treasury, at the request of the Corporation is authorized to market for the Corporation its notes, debentures, bonds, and other such obligations, using therefor all the facilities of the Treasury Department now authorized by law for the marketing of obligations of the United States. The proceeds of the obligations of the Corporation so marketed shall be deposited in the same manner as proceeds derived from the sale of obligations of the United States, and the amount thereof shall be credited to the Corporation on the books of the Treasury.

Sec. 7. The Corporation, with the consent of any board, commission, establishment, executive department or corporation of the Government, including any field service thereof, may avail itself of the use of information, services, facilities, officers, and employees thereof, in carrying out the provisions of this Act. All such boards, commissions, establishments, executive departments or corporations are hereby authorized to make available to the Corporation, in confidence, such reports, records, or other information as they may have available relating to the condition of applicants with respect to whom the Corporation has had or contemplates having transactions under this Title, or relating to individuals, associations, partnerships, corporations, or other obligors whose obligations are offered to or held by the Corporation as security for a loan under this Title, and to make, through their examiners or other employees for the confidential use of the Corporation, examinations of applicants for loans. Such applications shall be in such form as the Corporation shall prescribe, and shall contain an agreement to pay the reasonable cost of such examinations as the Corporation may require.

Sec. 8. Vouchers approved for expenditures of the Corporation by the officer appointed for that purpose, shall be final and conclusive upon all officers of the government; except that all financial transactions of the Corporation shall be examined by the General Accounting Office at such times and in such manner as the Comptroller General of the United States may by regulation prescribe. Such examination, with respect to such expenditures, shall be for the sole purpose of making a report to the Congress and to the Board of Directors of expenditures made in violation of law, together with such recommendations thereon as the Comptroller General deems advisable.

Sec. 9. The Secretary of the Treasury, at the request of the Corporation, shall prepare such forms of notes, debentures, bonds, or other such obligations as shall be needed for the purposes of this Title. The engraved plates, dies, bed pieces, and so forth, executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Corporation shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody and delivery of such notes, debentures, bonds or other obligations.

Sec. 10. Any and all notes, debentures, bonds or other such obligations issued by the Corporation shall be exempt both as to principal and interest from all taxation (except surtaxes, estate, inheritance and gift taxes) now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority. The Corporation, including its franchise, its capital reserves, and surplus, and its income shall be exempt from all taxation now or hereafter imposed by the United States, by any Territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority; except that any real property of the Corporation shall be subject to State, Territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

Sec. 11. No individual, association, partnership or corporation shall use the words "Foreign Trade Corporation" or any combination of these three words as the name or part thereof under which he or it shall do business. Every individual, association, partnership, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine not to exceed One Thousand Dollars (\$1,000) or by imprisonment not exceeding one year, or both; and each day that such violation continues shall be considered a separate offense.

Sec. 12. (a) Whoever makes any statement knowing it to be false, or whoever willfully overvalues any security, for the purpose of obtaining for himself or for any applicant any loan or extension thereof, by renewal, deferment of action, or otherwise, or the acceptance, release, or substitution of security therefor, or for the purpose of influencing in any way the action of the Corporation or for the purpose of obtaining money, property, or anything of value, under this Title, shall be punished by a fine of not more than \$5,000, or by imprisonment for not more than two years, or both.

(b) Whoever (1) falsely makes, forges, or counterfeits any note, debenture, or other obligation, in imitation of or purporting to be a note, debenture, bond or other obligation issued by the Corporation, or (2) passes, utters, or publishes, or attempts to pass, utter or publish, any false, forged or counterfeited note, debenture, bond or other obligation purporting to have been issued by the Corporation, knowing the same to be false, forged or counterfeited, or (3) falsely alters any note, debenture, bond or other obligation issued or purporting to have been issued by the Corporation or (4) passes, utters or publishes, or attempts to pass, utter or publish, as true any falsely altered or spurious note, debenture, bond, or other obligation, issued or purporting to have been issued by the Corporation, knowing the same to be falsely altered or spurious, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(c) Whoever, being connected in any capacity with the Corporation, (1) embezzles, abstracts, purloins, or willfully misapplies any moneys, funds, securities, or other things of value, whether belonging to it or pledged or otherwise entrusted to it, or (2) with intent to defraud the Corporation or any other body politic or corporate, or any individual, or to deceive any officer, auditor, or

Sec. 12. - Continued -

examiner of the Corporation, makes any false entry in any book, report, or statement of or to the Corporation, or, without being duly authorized, draws any order or issues, puts forth or assigns any note, debenture, or other obligation, or draft, bill of exchange, mortgage, judgment, or decree thereof, or (3) with intent to defraud participates, shares, receives directly or indirectly any money, profit, property or benefit through any transaction, loan commission, contract, or any other act of the Corporation, or (4) gives any unauthorized information concerning any future action or plan of the Corporation which might affect the value of securities, or, having such knowledge, invests or speculates, directly or indirectly, in the securities or property of any company, bank, or corporation receiving loans or other assistance from the Corporation, shall be punished by a fine of not more than \$10,000 or by imprisonment for not more than five years, or both.

(d) The provisions of sections 112, 113, 114, 115, 116, and 117 of the Criminal Code of the United States (U. S. C., Title 18, ch. 5, secs. 202 to 207, inclusive) in so far as applicable are extended to apply to contracts or agreements with the Corporation under this Title, which for the purposes hereof shall be held to include loans, advances, discounts, and rediscounts; extensions and renewals thereof; and acceptances, releases, and substitutions of security therefor.

(e) Any person who willfully violates any provision of this Title for which a penalty is not otherwise prescribed shall be punished by a fine of not more than Ten Thousand Dollars (\$10,000) or by imprisonment for not more than two years, or both.

Sec. 13. The Corporation shall be entitled to the free use of the United States mails and to the governmental rates for telegraph, radio and cable messages in the same manner as the executive departments of the government.

Sec. 14. The right to alter, amend, or repeal this Title
is hereby expressly reserved.

Sec. 15. The Corporation shall make and publish an annual report to Congress on its operations.

Existing Laws, Showing
Amendments made by Bill

FULL TEXT OF EXISTING LAWS, SHOWING AMENDMENTS
MADE BY THE BILL.

Amendment to Reciprocal Tariff Act of 1934 (U.S.C. 19: 1354)

Before any foreign trade agreement is concluded with any foreign government or instrumentality thereof under the provisions of this Act, reasonable public notice of the intentions to negotiate an agreement with such government or instrumentality shall be given in order that any interested person may have an opportunity to present his views to the President, or to such agency as the President may designate, under such rules and regulations as the President may prescribe; AND BEFORE CONCLUDING SUCH AGREEMENT THE PRESIDENT SHALL SEEK INFORMATION AND ADVICE WITH RESPECT THERETO FROM THE FOREIGN TRADE BOARD AND FROM SUCH OTHER SOURCES AS HE MAY DEEM APPROPRIATE.

See page 27, paragraph 1

Amendment to Sugar Quotas Section of A.A.A. (U.S.C. 7:608a)

Sugar quotas - (1) Establishment and regulation of quotas of sugar.

Having due regard to the welfare of domestic producers and to the protection of domestic consumers and to a just relation between the prices received by domestic producers and the prices paid by domestic consumers, the ~~Secretary of Agriculture may~~ PRESIDENT, AFTER SUBMITTING THE MATTER TO THE FOREIGN TRADE BOARD FOR CONSIDERATION AND RECOMMENDATIONS, MAY in order to effectuate the declared policy of this chapter, from time to time, DIRECT THAT THE SECRETARY OF AGRICULTURE, by orders or regulations -

(A) (1) Forbid processors, handlers of sugar, and others from importing sugar into continental United States for consumption, or which shall be consumed, therein, and/or from transporting to, receiving in, processing or marketing in, continental United States, and/or from processing in any area to which the provisions of this title with respect to sugar beets and sugar-cane may be made applicable, for consumption in continental Canal Zone, American Samoa, the island of Guam, and from foreign countries, including Cuba, respectively in excess of quotas fixed by the Secretary of Agriculture, for any calendar year, *****

See page 27, paragraph 2

Quotas: establishment and allotment

Having due regard to the welfare of domestic producers of tobacco and to the protection of domestic consumers thereof and to a just relation between the price received by such domestic producers and the price paid by such domestic consumers and in other respects to effectuate the declared policy of this chapter, the ~~Secretary of Agriculture~~ PRESIDENT may from time to time AFTER SUBMITTING THE MATTER TO THE FOREIGN TRADE BOARD FOR CONSIDERATION AND RECOMMENDATIONS, DIRECT THAT THE SECRETARY OF AGRICULTURE by orders or regulations:

(A) For each crop year in which any type of tobacco is harvested to which the tax is applicable, or for any part of such crop year, establish quotas for the importation into continental United States of cigar-leaf types of tobacco, and during such crop year readjust any such quotas. Such quotas shall be based on average quantities of such tobacco imported into continental United States during the crop years 1932-1933 and 1933-1934, except that in the case of tobacco imported from the Republic of Cuba, such quotas shall be based on average quantities of tobacco so imported during the crop years 1929-1933.

(B) Allot the quotas provided for by subsection (A) to the importers of such tobacco in the United States in such manner as he may deem fair and equitable, having due regard to the respective amounts of tobacco imported during the crop years 1932-1933 and 1933-1934 by such persons.

See page 27, paragraph 3

Anti-dumping Act Amendment (U.S.C. 19: 160-161)

Sec. 160. Investigations by Secretary of Treasury; notice to Secretary by appraisers as to sales price of imported articles; withholding appraisement. (a) Whenever the Secretary of the Treasury (hereinafter called the "Secretary"), after such investigation as he deems necessary, finds that an industry in the United States is being or is likely to be injured, or is prevented from being established, by reason of the importation into the United States of a class or kind of foreign merchandise, and that merchandise of such class or kind is being sold or is likely to be sold in the United States or elsewhere at less than its fair value, then he shall REPORT SUCH FINDING TO THE FOREIGN TRADE BOARD FOR CONSIDERATION AND RECOMMENDATIONS, AFTER WHICH THE FINDING SHALL BE SUBMITTED TO THE PRESIDENT WHO SHALL make such finding public to the extent he deems necessary, together with a description of the class or kind of merchandise to which it applies in such detail as may be necessary for the guidance of the appraising officers.

(b) Whenever, in the case of any imported merchandise of a class or kind as to which the Secretary PRESIDENT has not so made public a finding, the appraiser or person acting as appraiser has reason to believe or suspect, from the invoice or other papers or from information presented to him, that the purchase price is less, or that the exporter's sales price is less or likely to be less, than the foreign market value (or, in the absence of such value, than the cost of production) he shall forthwith, under regulations prescribed by the Secretary, notify the Secretary of such fact and withhold his appraisement report to the collector as to such merchandise until the further order of the Secretary, or until the Secretary PRESIDENT has made public a finding as provided in subdivision (a) in regard to such merchandise.

Sec. 161. Amount of duty to be collected; determination of foreign market value of goods. (a) In the case of all imported merchandise, whether dutiable or free of duty, of a class or kind as to which the ~~Secretary of the Treasury~~ PRESIDENT has made public a finding as provided in section 160 of this title, and as to which the appraiser or person acting as appraiser has made no appraisement report to the collector before such finding has been so made public, if the purchase price or the exporter's sales price is less than the foreign market value (or, in the absence of such value, than the cost of production) there shall be levied, collected, and paid, in addition to the duties imposed thereon by law, a special dumping duty in an amount equal to such difference.

(b) * * * * *

(c) * * * * *

See page 27, paragraph 4 and page 28, paragraph 1

Amendment to Countervailing Duties Section (U.S.C. 19:1303)

Countervailing duties. Whenever any country, dependency, colony, province, or other political subdivision of government, person, partnership, association, cartel, or corporation shall pay or bestow, directly or indirectly, any bounty or grant upon the manufacturer or production or export of any article or merchandise manufactured or produced in such country, dependency, colony, province, or other political subdivision of government, and such article or merchandise is dutiable under the provisions of this chapter, then upon the importation of any such article or merchandise into the United States, whether the same shall be imported directly from the country of production or otherwise, and whether such article or merchandise is imported in the same condition as when exported from the country of production or has been changed in condition by remanufacture or otherwise, there ~~(shall)~~ MAY be levied and paid, in all such cases, in addition to the duties otherwise imposed by this chapter, an additional duty equal to the net amount of such bounty or grant, however the same be paid or bestowed. ~~(The Secretary of the Treasury shall from time to time ascertain and determine, or estimate, the net amount of each such bounty or grant, and shall declare the net amount so determined or estimated.)~~ THE SECRETARY OF THE TREASURY SHALL FROM TIME TO TIME ASCERTAIN AND DETERMINE, OR ESTIMATE, THE NET AMOUNT OF SUCH BOUNTY OR GRANT, AND SHALL CERTIFY SUCH FINDING TO THE FOREIGN TRADE BOARD FOR CONSIDERATION. THE FOREIGN TRADE BOARD SHALL, SUBMIT SUCH FINDING TO THE PRESIDENT TOGETHER WITH ITS RECOMMENDATIONS, AND THEREAFTER THE PRESIDENT, IN HIS DISCRETION, MAY DECLARE THE NET AMOUNT SO DETERMINED OR ESTIMATED. The Secretary of the Treasury shall make all regulations he may deem necessary for the identification of such articles and merchandise and for the assessment and collection of such additional duties.

Amendment to Tariff Act of 1930 (U.S.C. 19:1337)

Sec. 337. Unfair Practices in Import Trade.

(a) Unfair Methods of Competition Declared Unlawful.- Unfair methods of competition and unfair acts in the importation of articles into the United States, or in their sale by the owner, importer, consignee, or agent of either, the effect or tendency of which is to destroy or substantially injure an industry, efficiently and economically operated, in the United States, or to prevent the establishment of such an industry, or to restrain or monopolize trade and commerce in the United States, are hereby declared unlawful, and when found by the President to exist shall be dealt with, in addition to any other provisions of law, as hereinafter provided.

(b) Investigations of Violations by Commission.- To assist the President in making any decisions under this section the commission is hereby authorized to investigate any alleged violation hereof on complaint under oath or upon its initiative.

(c) Hearings and Review. - * * * * *

(d) Transmission of findings to President.- The final findings of the commission shall be transmitted with the record to the President. THE FINAL FINDINGS OF THE COMMISSION SHALL BE SUBMITTED WITH THE RECORD TO THE FOREIGN TRADE BOARD FOR CONSIDERATION AFTER WHICH THE BOARD SHALL SUBMIT SUCH FINDINGS TOGETHER WITH THE RECORD AND ITS RECOMMENDATIONS TO THE PRESIDENT.

(e) Exclusion of Articles from Entry.- Whenever the existence of any such unfair method or act shall be established to the satisfaction of the President he shall direct that the articles concerned in such unfair methods or acts, imported by any person violating the provisions of this Act, shall be excluded from entry into the United States, and upon information of such action by the President, the

Sec. 337 (e) Continued.

Secretary of the Treasury shall, through the proper officers, refuse such entry. The decision of the President shall be conclusive.

(f) Entry under bond. Whenever the President has reason to believe that any article is offered or sought to be offered for entry into the United States in violation of this section but has not information sufficient to satisfy him thereof, the Secretary of the Treasury shall, upon his request in writing, forbid entry thereof until such investigation as the President may deem necessary shall be completed, AND THE RESULTS OF SUCH INVESTIGATION SHALL HAVE BEEN SUBMITTED TO THE FOREIGN TRADE BOARD FOR CONSIDERATION AND RECOMMENDATIONS; except that such articles shall be entitled to entry under bond prescribed by the Secretary of the Treasury.

(g) Continuance of Exclusion.- Any refusal of entry under this section shall continue in effect until the President shall find and instruct the Secretary of the Treasury that the conditions which led to such refusal of entry no longer exist.

(h) Definition.- When used in this section and in sections 338 and 340, the term "United States" includes the several States and Territories, the District of Columbia, and all possessions of the United States except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam.

See page 28, paragraph 4

Amendment to 1916 Anti-trust Act (U.S.C. 15:75)

Retaliation against country prohibiting importations. Whenever any country, dependency, or colony shall LIMIT OR prohibit the importation of any article the product of the soil or industry of the United States and not injurious to health or morals, the President, AFTER SUBMITTING THE MATTER TO THE FOREIGN TRADE BOARD FOR CONSIDERATION AND RECOMMENDATIONS shall have power to LIMIT OR prohibit, during the period such prohibition is in force, the importation into the United States of similar articles, or in case the United States does not import similar articles from that country, then other articles, the products of such country, dependency, or colony.

And the Secretary of the Treasury, with the approval of the President, shall make such rules and regulations as are necessary for the execution of the provisions of this section.

See page 29, paragraph 1

Amendment to 1916 Shipping Act

Investigation by Board of Acts of Foreign Government (U.S.C. 46: 825)

The board shall have power, and it shall be its duty whenever complaint shall be made to it, to investigate the action of any foreign government with respect to the privileges afforded and burdens imposed upon vessels of the United States engaged in foreign trade whenever it shall appear that the laws, regulations or practices of any foreign government operate in such a manner that vessels of the United States are not accorded equal privileges in foreign trade with vessels of such foreign countries or vessels of other foreign countries, either in trade to or from the ports of such foreign country or in respect of the passage or transportation through such foreign country of passengers or goods intended for shipment or transportation in such vessels of the United States, either to or from ports of such foreign country or to or from ports of other foreign countries. It shall be the duty of the board to report the results of its investigation TO THE FOREIGN TRADE BOARD, WHO SHALL TRANSMIT THE REPORT to the President TOGETHER WITH ITS recommendations, and the President is authorized and empowered to secure by diplomatic action equal privileges for vessels of the United States engaged in such foreign trade. And if by such diplomatic action the President shall be unable to secure such equal privileges then the President shall advise Congress as to the facts and his conclusions by special message, if deemed important to the public interest, in order that proper action may be taken thereon.

See page 29, paragraph 2

PSF Peck

At Warm Springs, Ga.,
November 22, 1935.

Dear George:-

I do not know who wrote that little two page memo you gave me entitled AMERICA'S CHOICE - Which shall it be? but I must confess that I think it is rather silly. It sounds like a Hearst paper.

In one column the writer puts down eight items under the heading "A Policy for Internationalists" and in the other column eight items called "A Policy for America."

The silly part of it is that in almost every case the "Policy for Internationalists" is not advocated either by the Government (legislative or administrative branches) or by the overwhelming body of public opinion.

For example:

1. Nobody is asking for relaxation of immigration laws or regulation of immigration by international agreements.
2. Nobody is asking laissez faire or unconditional Most-Favored-Nation general reduction of tariffs.
3. Stabilization of currencies by general international action is today impossible and, therefore, can be thrown out.
4. Free export of capital and resumption of general foreign loans and multiplication of American factories and investments abroad is advocated by no one of intelligence I know.
5. Naval limitation by international agreement is advocated but it is a trick - an unfair thing-to say, that American policy would do this in order to meet the requirements of Great Britain, Japan, France, Italy and Germany.

6. No one in their right frame of mind wants dependence on foreign shipping and communications.

7. Submission of disputes to foreign dominated tribunals, such as the World Court, thus stated is unfair unless the writer of it is willing to come ~~down~~^{out} against all multilateral international settlements *of disputes*

8. "Automatic intervention in European or Asiatic political disputes, as under the Kellogg Treaty," is a deliberate lie. The Kellogg Treaty does not provide for automatic intervention.

In other words, this kind of statement amounts to nothing more than the setting up deliberately of straw men, who do not exist in reality, and then making a great show of knocking them over with a firing of salutes and a fore-fire of trumpets.

As ever yours,

Honorable George N. Peek,
Export-Import Bank of Washington,
1825 H Street,
Washington, D. C.

125F Peab

AMERICA'S CHOICE

Which shall it be?

A Policy for Internationalists

I

Relaxation of immigration laws and regulation of immigration by international agreements.

II

General reduction of tariffs:

- (a) Laissez faire.
- (b) Unconditional Most-Favored-Nation.

III

Stabilization of currencies by general international action (i.e. return to unregulated or foreign controlled gold standard).

IV

Free export of capital and resumption of general foreign loans. Multiplication of branch factories and American direct investments abroad.

A Policy for America

I

Rigorous tightening of immigration laws: ✓

- (a) To reduce American unemployment.
- (b) To reduce alien influence in our domestic affairs.

II

Preservation of the American market, American price levels and American employment:

- (a) Selective imports and exports.
- (b) Tariff reductions only for specific advantages in individual foreign countries (i.e. reciprocity or conditional Most-Favored-Nation).

III

Stabilization of American dollar at American price level - thereafter stabilization by agreement with individual countries or blocs where possible. (i.e. a managed currency based on national bookkeeping.)

IV

Control of export of capital:

- (a) To conserve national assets and resources.
- (b) To assist American trade, foreign and domestic.
- (c) To minimize foreign influence or control over American securities market and American enterprise.

V

Naval limitation by international agreement to meet the requirements of Great Britain, Japan, France, Italy and Germany.

VI

Dependence on foreign shipping and communications.

VII

Submission of disputes to decision of foreign dominated tribunals such as the World Court.

VIII

Automatic intervention in European or Asiatic political disputes, as under the Kellogg Treaty and Stimson Doctrine. Collaboration with League in naming "aggressors" anywhere in the world and enforcing sanctions.

V

Navy designed to meet American requirements including defense of the Panama Canal and the Pacific Coast.

VI

Development of American shipping and communications systems.

VII

Settlement of disputes by arbitration confirmed by the Senate.

VIII

In case of wars in Europe or Asia, strict neutrality and avoidance of "moral" judgments on belligerents. Cash and carry policy for direct or indirect trade with belligerents. For the Americas the Monroe Doctrine plus the Good Neighbor Policy.

EXPORT-IMPORT BANK OF WASHINGTON

WASHINGTON

November 26, 1935

The President

The White House

Dear Mr. President:

I have your letter of November 22. The memorandum to which you refer, "America's Choice," was part of a short speech I gave at the luncheon of the War Industries Board Association on November 11. I sent a copy of the full text of my remarks on that occasion to Mr. Early on November 13, but enclose another copy in case it has not come to your direct attention. The authorship is mine and mine alone. I neither conferred nor advised with anyone at any time about it. This memorandum represents my considered views.

In contrasting American and internationalist policy in the various fields I mentioned, I referred, of course, to trends, and accordingly I should be extremely sorry if my memorandum were to be construed by you or anyone else as a categorical attack upon your Administration. As I observed in my November 11 speech, the question is not a partisan one as our political parties are now constituted. Both parties have wavered indecisively between the two points of view. Neither of them can point to a clear cut record or program. The issue cuts across party lines.

Nevertheless the issue is there. Its presence is amply evidenced in the numerous public statements relating to these matters by persons of importance in or out of the Government; in the many acts and decisions of public officials and private individuals; in the extensive discussions in the press and elsewhere. All of these make it plainly apparent that there are certain conflicting trends in the fields of policy I have mentioned. I have tried to present them as clearly and objectively as I knew how. I feel that my presentation is essentially a fair one. I gather from your letter that you do not.

In the face of so fundamental a difference of opinion as to policy my course is plain. I am therefore referring to our correspondence of last July and am resigning as President and Trustee of the Export-Import Banks, and as Special Adviser, effective today.

In severing my connection with your Administration I wish to express my high appreciation of your personal and official courtesies and consideration. You have as always my most sincere good wishes.

Sincerely yours,


George N. Peek

TSF: PEK

THE WHITE HOUSE
WASHINGTON

PERSONAL

December 11, 1935.

Dear George:-

When I wrote you before in regard to the unsigned memorandum you handed me, I honestly had no idea that you were the author of it. If I had known that you were, I should not have been so rude as to call it silly or to say that it was setting up a purely imaginary straw man in order to prove certain obvious points, nearly all of which you and I, and I think everybody else, agree on.

Nevertheless, having written you frankly in regard to it, I must, even if you are the author, stick very firmly to my guns.

I say this with a further feeling of some disappointment because I now find that before you resigned, and while you were still a member of the Administration, your memorandum was not only given in the form of a speech on November eleventh, but that the Hearst papers used it on November twenty-sixth as the subject of their leading editorial. This editorial, evidently in pursuance of your thought, for you must have furnished the memorandum to the Hearst papers, states unequivocally that the policy of this Administration is the same as what you label "A Policy for Internationalists."

I know you will not mind my being frank in telling you that I am disappointed for the very simple reason that some modicum of loyalty and some modicum of honor are involved.

In your letter to me of November twenty-sixth you say that you referred to trends and that you would be sorry if the memorandum were construed as a categorical attack upon my Administration. It was so used while you were still the President of the Export-Import Bank and a Special Advisor to the President.

Very truly,
Woodrow Wilson
4321 Connecticut Road, N.W.,
Washington, D. C.

May I ask you to read once more my last letter to you? You will see that I subscribe very nearly one hundred per cent to what you call "A Policy for America." I hope much that, for your own sake, you will not align yourself with those unfortunate Americans like Hearst who for many years have thriven by deliberate and wholly unprincipled misrepresentation.

People in public life, people who use various vehicles of publicity, and people who discuss public questions of all kinds still have an obligation to maintain their honor and to be scrupulously careful not to misrepresent facts.

Also because I have always liked you and because we have worked so long together, I hope for your own sake that you will not put yourself, in the estimation of the American public, in the class either of unscrupulous publishers or of those few persons who have, on leaving the Administration, used every opportunity to stab their erstwhile friends in the back.

I do not know if you have seen this particular gossip sheet which I enclose. I am confident you are not responsible for it but it is an illustration of what happens.

Just before leaving Warm Springs I received your letter of December sixth with the memorandum on the Canadian Trade Agreement. As you will remember, I asked your opinion of this Agreement on November nineteenth, not knowing at that time that you were going to resign. I do not know whether you have given this memorandum to the public or the press since your resignation but, of course, you will realize that as I asked it of you in your capacity as Special Advisor, it became a wholly confidential communication to me and subject to my release only.

I expect to be here from now on and perhaps you will care to run in some day and see me.

Very sincerely yours,

Honorable George N. Peek,
4851 Glenbrook Road, N.W.,
Washington, D. C.

13F Peek

AMERICA'S CHOICE

Address

of

GEORGE N. PEEK

before

MEMBERS OF THE WAR INDUSTRIES BOARD ASSOCIATION

New York City

November 11, 1935

I think that you will agree with me that Mr. Baruch's magazine article published in the November 2nd issue of TODAY, his radio talk on November 7th and his remarks this afternoon, on what American policy should be in the event of wars abroad, have been clear, wise, practicable and unanswerable. What I like most about them is that they represent a truly American point of view. I wonder why he did not continue and indicate what our foreign policy should be in times of peace. In taking up where he has left off I want to point out that the neutrality question brings out clearly the difference between the American and the internationalist school of thought in times of peace as well as war and that it affords a clue to the problem of all our relations with foreign nations.

The past 21 years have been years of cataclysmic changes in human activities and in human society. Neither experience nor imagination has enabled us to keep pace with them. In such a situation it would seem high time that we take stock of our national and international position and see how far our foreign policies of the past 21 years have contributed to our national welfare.

I shall not attempt to discuss here whether it was to our advantage or disadvantage to have participated in the World War; that would involve a discussion of political values and emotional factors which I shall leave to the historians and philosophers to decide. However, when we come to examine the results of our policies of the last 21 years in terms of our commercial and financial relations with the rest of the world there are certain facts now at our disposal which throw a revealing light upon basic trends in our national life and our policy as a nation.

As Special Adviser to the President on Foreign Trade I have had occasion and opportunity to conduct a series of studies upon the foreign trade and international investment position of the United States which were made public in the form of three "Letters to the President," dated

respectively May 23, 1934, August 30, 1934 and April 30, 1935.

These studies revealed many facts which are at marked variance in some respects with certain generally accepted assumptions as to our position in international trade and finance. These I have discussed in a number of public speeches, the most recent of which was on October 24th before the National Industrial Conference Board, which has been printed in pamphlet form entitled "The Foreign Trade Problem of the United States" and which is available to anyone interested.

Fundamental changes have taken place in international relationships during recent years. These changes are due in main to -

- (1) The changed economic position of many nations, the spread of industrialization and the advances in industrial processes involving the use of new materials and new sources of supply, all of which has definitely altered what was previously known as the normal channels of trade.
- (2) The breakdown of the international money system used to conduct international trade.
- (3) The increasing direct participation in international trade on the part of governments, which has resulted in international trade becoming the affair of governments trading in their national interest, rather than of individuals trading solely for individual profit,

These factors have produced a situation where our foreign trade is confronted everywhere by devices designed to protect the economic position of various nations such as high tariffs, administrative restrictions, quota systems, exchange controls, special bilateral arrangements from which we are excluded, and others. We have record of

380 special agreements covering such matters from the benefits of which the United States is excluded. Great Britain now has 32; Germany, 60; France, 79; Italy, 35; Russia, 13; and Japan, 7. These agreements must represent mutual advantage or profit to the nations making them and afford a certain basis for stable trade relations between the nations entering upon them; otherwise they could not and would not have been made. It is significant to note that according to the League of Nations Review of World Trade for 1934 the greatest gains in world trade have been made by the nations making such agreements and that most of these gains have been made at the expense of the United States, our share of world trade having dropped from 13.84% in 1929 to 9.53% in 1934. I believe that this situation represents a fundamental change in the character of international trade, rather than a temporary passing phase.

To these elements making for change in the character of international trade we must add the sense of political insecurity and fear of war which exists in many nations today. It is frequently referred to as nationalism and from the economic point of view it aims at economic self-sufficiency in the event of war. Its general effect is to increase the volume of domestic business at the expense of international trade. Wars may be averted or may be localized but however this may be there is no question as to the whole-hearted desire and determination of the American people to stay out of them if it is humanly possible. Should war occur abroad the United States again will be confronted with grave problems of both trade and diplomacy if it is to preserve its neutral position. Just as ill-considered trade and financial policies can drag us into war, so can carefully considered and well-defined financial and

commercial policies in peace or war facilitate the maintenance of our neutrality.

However, when all is said and done, the fundamental issues lie deeper. Mr. Baruch has indicated the principles upon which our neutrality should rest. Upon many occasions I have tried to suggest the lines which our commercial and financial policy should follow in our dealings with other nations. Both of our discussions have been predicated upon an American point of view and the development of an American policy, as contrasted with the internationalist point of view and the adoption of policies of foreign or international origin. This question is fundamental in times of war and peace alike. As our political parties are now constituted it is not a partisan question. Both of our political parties have wavered indecisively between the two points of view. Nevertheless this question is basic and must be answered unequivocally if we are to build our national life and policy soundly and surely.

Which do we want: to take advantage of our position of geographical and economic security and contribute to world peace and prosperity by developing our own country and by attending to our own affairs, or to contribute our resources and our markets to a common pool in the management of which ours will be but one voice and not the controlling one. In other words are we willing to dilute our strength with the world's weakness and thus reduce our standards of living.

An American point of view calls for one policy, the internationalist point of view for quite another. We have straddled long enough. For my own enlightenment I have drawn up a list of eight contrasting points. The "deadly parallel" is a graphic method of comparison. When we Americans choose - let us choose America.

AMERICA'S CHOICE

Which shall it be?

A Policy for Internationalists

I

Relaxation of immigration laws and regulation of immigration by international agreements.

II

General reduction of tariffs:

- (a) Laissez faire.
- (b) Unconditional Most-Favored-Nation.

III

Stabilization of currencies by general international action (i.e. return to unregulated or foreign controlled gold standard).

IV

Free export of capital and resumption of general foreign loans. Multiplication of branch factories and American direct investments abroad.

A Policy for America

I

Rigorous tightening of immigration laws:

- (a) To reduce American unemployment.
- (b) To reduce alien influence in our domestic affairs.

II

Preservation of the American market, American price levels and American employment:

- (a) Selective imports and exports.
- (b) Tariff reductions only for specific advantages in individual foreign countries (i.e. reciprocity or conditional Most-Favored-Nation).

III

Stabilization of American dollar at American price level - thereafter stabilization by agreement with individual countries or blocs where possible. (i.e. a managed currency based on national bookkeeping.)

IV

Control of export of capital:

- (a) To conserve national assets and resources.
- (b) To assist American trade, foreign and domestic.
- (c) To minimize foreign influence or control over American securities market and American enterprise.

V

Naval limitation by international agreement to meet the requirements of Great Britain, Japan, France, Italy and Germany.

VI

Dependence on foreign shipping and communications.

VII

Submission of disputes to decision of foreign dominated tribunals such as the World Court.

VIII

Automatic intervention in European or Asiatic political disputes, as under the Kellogg Treaty and Stimson Doctrine. Collaboration with League in naming "aggressors" anywhere in the world and enforcing sanctions.

V

Navy designed to meet American requirements including defense of the Panama Canal and the Pacific Coast.

VI

Development of American shipping and communications systems.

VII

Settlement of disputes by arbitration confirmed by the Senate.

VIII

In case of wars in Europe or Asia, strict neutrality and avoidance of "moral" judgments on belligerents. Cash and carry policy for direct or indirect trade with belligerents. For the Americas the Monroe Doctrine plus the Good Neighbor Policy.

Wherefore He is able also to save them to the uttermost that come unto God by Him, seeing He ever liveth to make intercession for them. —Hebrews, VII., 25.
(The text for today is suggested by Dr. A. A. McCallum, rector of St. Paul's Episcopal Church, 927 13th St. N. W. The next text will be suggested by Dr. J. E. Briggs, pastor of the Fifth Baptist Church.)

Sane Nationalism or Fatuous Internationalism—Which Shall It Be?

WHETHER as Adviser to the President on Foreign Trade or as Chairman of the Export and Import Banks, George N. Peek has made definite and valuable contributions to a clearer understanding of some of the biggest problems that confront us.

His views do not always jibe with the theories of the New Dealers, and at times he is outspokenly critical.

But no one doubts his candor, courage or competence.

He has just returned to Washington from an extended vacation spent in the farm belt, bringing with him two "ECONOMIC PLATFORMS," which we reproduce on this page, and which reveal his wide divergence from the agricultural, monetary, tariff and other policies of the New Deal.

One platform he describes as "A Policy for Internationalists," and the other, "A Policy for America."

They present what he describes as AMERICA'S CHOICE.

The decision between these two policies Mr. Peek regards as FUNDAMENTAL, whether for times of war or peace.

It is not a partisan question.

We cannot waver indecisively between the two points of view.

AS Mr. Peek put the matter, in a recent address, we must decide whether to take advantage of our position of geographical and economic security by developing our own country and tending to our own affairs, and thus contribute to world peace and prosperity; or to contribute our resources and markets to a common pool in the management of which ours will be but one voice, and not the controlling one.

"In other words," said he, "are we willing to dilute our strength with the world's weakness and thus reduce our standards of living?"

"America MUST Choose!"

Herewith are the contrasting policies of "INTERNATIONALISM" and "AMERICANISM" as set forth by George W. Peek, chairman of the Export-Import Bank and former Adviser to the President on Foreign Trade:

A POLICY FOR INTERNATIONALISTS.

- I. Relaxation of immigration laws and regulations of immigration by international agreements.
- II. General reduction of tariffs:
 - (a) *Laizac faire.*
 - (b) Unconditional most-favored-nation.
- III. Stabilization of currencies by general international action (i.e., return to unregulated or foreign controlled gold standard).
- IV. Free export of capital and resumption of general foreign loans. Multiplication of branch factories and American direct investments abroad.
- V. Naval limitation by international agreement to meet the requirements of Great Britain, Japan, France, Italy and Germany.
- VI. Dependence on foreign shipping and communications.
- VII. Submission of disputes to decision of foreign dominated tribunals such as the World Court.
- VIII. Automatic intervention in European or Asiatic political disputes, as under the Kellogg treaty and Stimson doctrine. Collaboration with League in naming "aggressors" anywhere in the world and enforcing sanctions.

A POLICY FOR AMERICA.

- I. Rigorous tightening of immigration laws:
 - (a) To reduce American unemployment.
 - (b) To reduce alien influence in our domestic affairs.
- II. Preservation of the American market, American price levels and American employment:
 - (a) Selective imports and exports.
 - (b) Tariff reductions only for specific advantages in individual foreign countries (i.e., reciprocity or conditional most-favored-nation).
- III. Stabilization of American dollar at American price level — thereafter stabilization by agreement with individual countries or blocs where possible (i.e., a managed currency based on national book-keeping).
- IV. Control of export capital:
- (a) To conserve national assets and resources.
- (b) To assist American trade, foreign and domestic.
- (c) To minimize foreign influence or control over American securities market and American enterprise.
- V. Navy designed to meet American requirements, including defense of the Panama Canal and the Pacific Coast.
- VI. Development of American shipping and communications systems.
- VII. Settlement of disputes by arbitration confirmed by the Senate.
- VIII. In case of wars in Europe or Asia, strict neutrality and avoidance of "moral" judgments on belligerents. Cash and carry policy for direct or indirect trade with belligerents. For the Americas the Monroe Doctrine plus the good-neighbor policy.

The decision between these two viewpoints he maintains must be answered **UNEQUIVOCALLY** if we are to build our national life and policies soundly.

In what amounts to a definition of **INTERNATIONALISM**, he makes a comprehensive grouping of practically all the objectives in the field of major policy **WHICH PUBLIC OPINION IN THE UNITED STATES OPPOSES, AND WHICH HAVE PROVED SO DISASTROUS TO US IN THE PAST.**

It is **INTERNATIONALISM** which would relax our immigration laws, reduce our

tariffs, submit our currency to foreign control through international action, accept naval limitation purely in the interests of foreign Powers and depend on foreign shipping rather than develop an American merchant marine.

These matters he regards just as truly a part of the program of **INTERNATIONALISM** as would be the submission of our disputes to such tribunals as the World Court, our collaboration with the League of Nations in naming aggressor nations and enforcing League sanctions, or our automatic intervention in the political controversies of Europe and Asia in accordance with the theory of the

Kellogg Pact or the Stimson policy of promiscuous "butting in" where we are not concerned.

Surveying the changes which have taken place in international relationships within recent years, which Mr. Peek regards as established, not temporary, he believes that **OUR SALVATION LIES IN MAINTAINING STRONGLY AN AMERICAN POINT OF VIEW AND AN AMERICAN POLICY**, as contrasted with the internationalist viewpoint and policies of foreign origin.

Even our involvement in foreign wars may hinge upon our making this choice, Mr. Peek believes, and we do not think he exaggerates.

A policy for America clearly involves a genuine enforcement of our immigration laws, to reduce American unemployment and alien influence in our domestic affairs; the preservation of the American home market, American price levels and American employment; tariff reductions only for **RECIPROCAL** advantages; stabilization of our dollar at an American price level; a Navy adequate for our security; an **ADEQUATE** merchant marine; and, in the event of war between other nations, a policy of strict neutrality **EVEN TO THE POINT OF AVOIDING MORAL JUDGMENTS ON THE BELLIGERENTS.**

WE have never seen the sharp divergence of these viewpoints—the **AMERICAN** and the **INTERNATIONALIST**—more effectively presented than in this "deadly parallel."

Like a clear chart, it marks the hidden reefs of foreign entanglement and the shoal waters of weak and confused policy; and, on the other hand, the true course leading to safe harbor and secure anchorage.

THE CHOICE IS ONE. INDEED, WHICH AMERICA MUST MAKE!

PSF Peak
Agr.

5 Dec. 1935

TABLES I, II, III AND IV.

DECEMBER 31, 1935.

BALANCE OF PAYMENTS BETWEEN CANADA AND THE UNITED STATES

(IN UNITED STATES DOLLARS)

YEAR	RECORDED EXPORTS AND IMPORTS				SERVICES BOUGHT FROM CANADA - NET (TOURISTS' EXPEN- DITURES, SHIPPING AND FREIGHT AND INSURANCE TRANSAC- TIONS, WAGES PAID TO CANADIAN LABOR)	INTEREST AND DIVIDENDS RE- CEIVED FROM CANADA - NET (INTEREST AND DIVIDENDS ON OUR INVESTMENTS IN CANADA LESS INTEREST AND DIVIDENDS PAID ON CANADIAN IN- VESTMENTS IN UNITED STATES)	ESTIMATES LONG-TERM CAPITAL TRANSACTIONS			EXCESS OF RE- CEIPTS FROM OR PAYMENTS TO (-) CANADA EXCESS OF OMISSIONS, RE- EXPORT OF GAINING, ETC., SHORT-TERM INVESTMENTS, ETC.
	GOODS SOLD TO CANADA - EXCESS OF EXPORTS OVER IMPORTS	SILVER BOUGHT FROM CANADA - EXCESS OF IM- PORTS OVER EX- PORTS (-)	GOLD BOUGHT FROM CANADA - EXCESS OF IM- PORTS OVER EX- PORTS (-)	TOTAL TO AND FROM CANADA - GOLD BOUGHT FROM CANADA - EXCESS OF EX- PORTS OR EXCESS OF IMPORTS (-)			CANADIAN SECUR- ITIES BOUGHT FROM CANADA, AND NEW DIRECT IN- VESTMENTS MADE IN CANADA - NET (EXCESS OF OUR PURCHASES (-) OR EXCESS OF CANADIAN REDEMPTIONS AND REPURCHASES)	INVESTMENTS MADE IN UNITED STATES BY CANADA - NET	NET LONG-TERM CAPITAL ASSETS - TRANSFERRED TO US BY CANADA (-) OR TRANSFERRED TO CANADA BY US	
1929	444,900,000	-4,000,000	-73,500,000	367,400,000	-151,000,000	155,000,000	-247,000,000	35,000,000	-212,000,000	156,400,000
1930	256,800,000	-4,300,000	- 6,900,000	245,600,000	-129,000,000	165,000,000	-280,000,000	25,000,000	-235,000,000	36,600,000
1931	130,100,000	-3,000,000	-81,200,000	45,900,000	-157,000,000	100,000,000	- 80,000,000	30,000,000	- 50,000,000	- 61,100,000
1932	67,200,000	-1,300,000	-64,600,000	1,300,000	-132,000,000	75,000,000	19,000,000	-	19,000,000	- 36,700,000
1933	25,400,000	- 500,000	-19,900,000	5,000,000	- 51,000,000	80,000,000	53,000,000	36,000,000	89,000,000	123,000,000
1934	70,800,000	- 500,000	-86,600,000	- 16,300,000	- 56,000,000	99,000,000	48,000,000	-	48,000,000	71,700,000
1935 (9 mo.)	40,600,000	-7,000,000	-70,900,000	- 37,300,000	1/	1/	1/	1/	1/	1/

1/ NOT AVAILABLE

SOURCE: DEPARTMENT OF COMMERCE.

CONCESSIONS GRANTED TO CANADA

DECEMBER 5, 1935.

(2)

	AD VAL. EQUIV. OLD RATE, 1934	RATES OF DUTY		IMPORTS (THOUSANDS OF DOLLARS)						
		OLD RATE	NEW RATE	1935		1934		FIRST 9 MONTHS 1935		
				TOTAL IMPORTS	IMPORTS FROM CANADA ^{1/}	TOTAL IMPORTS	IMPORTS FROM CANADA ^{1/}	TOTAL IMPORTS	IMPORTS FROM CANADA	IMPORTS FROM OTHER COUNTRIES
1. REDUCTIONS IN DUTY:										
VEGETABLE PRODUCTS										
503. MAPLE SUGAR	39.2	40¢ LB.	4¢ LB.	N.A.	2,250	455	455	239	239	
720. HULLED OATS, UNFIT FOR HUMAN CONSUMPTION	54.2	15¢ BU. (32 LBS.)	5¢ BU. (32 LBS.)	N.A.	SMALL	N.A.	SMALL	N.A.	N.A.	
732. CEREAL BREAKFAST FOODS	20.0	20%	15%	N.A.	10	56	35	52	33	UNITED KINGDOM 10; OTHERS 1.
734. APPLES, GREEN OR RIPE	23.0	25¢ BU. (50 LBS.)	15¢ BU. (50 LBS.)	461	475	17	17	21	6	NEW ZEALAND 15.
736. FRESH STRAWBERRIES	16.0	1½¢ LB.	3/4¢ LB.	N.A.	47	N.A.	15	N.A.	N.A.	
736. BLUEBERRIES, PREPARED OR PRESERVED OR FROZEN	35.0	30%	25%	N.A.	100	150	51	1.4	1	NEWFOUNDLAND 0.4.
737. CHERRIES IN THEIR NATURAL STATE	29.1	2¢ LB.	1¢ LB.	3,434	27	102	50	37	9	ITALY 12; YUGO- SLAVIA 16.
753. GRASS AND CLOVER SEEDS:										
ALFALFA	43.2	5¢ LB.	4¢ LB.	N.A.	31	12	12	9	9	
ALBUKE CLOVER	78.5	5¢ LB.	4¢ LB.	N.A.	1,173	0.1	0.1	0.1	0.1	
SWEET CLOVER	16.5	4¢ LB.	2¢ LB.	N.A.	60	1	1	0.3	0.3	
TIMOTHY	14.0	2¢ LB.	1¢ LB.	N.A.	0.1	154	52	536	257	DENMARK 1; FIN- LAND 30; GERMANY 25; LATVIA 10; POLAND 32; SWEDEN 19; UNITED KING- DOM 30; OTHERS 6.
BLUEGRASS	86.2	5¢ LB.	2½¢ LB.	N.A.	119	9	9	13	13	
769. PEARS, GREEN; DUTY REDUCED ONLY FROM JULY 1 TO SEPT. 30	77.5	43.9¢ LB.	2¢ LB.	N.A.	20	230	3	194	3	MEXICO 191.
771. WHITE OR IRISH SEED POTATOES DUTY REDUCED ON NOT OVER 750,000 BU. PER 12-MONTH PERIOD BEGINNING DEC. 1	51.3	75¢ PER 100 LBS.	45¢ PER 100 LBS. 60¢ DEC. 1 THRU FEB.	N.A.	600	254	223	27	27	
773. TURNIPS AND BUTABAGAS	33.8	25¢ PER 100 LBS.	12½¢ PER 100 LBS.	901	901	656	651	262	251	OTHERS 1
779. HAY	49.9	\$5 SH. TON	\$3 SH. TON	319	232	219	160	601	655	OTHERS 6
				N.A.	6,095.1	N.A.	1,734.1	N.A.	N.A.	

* PRESIDENTIAL PROCLAMATION.

N.A.—NOT AVAILABLE.

^{1/} WHERE FIGURES IN THESE COLUMNS ARE ROUND THEY ARE USUALLY ESTIMATES; SOME PER DATA REPRESENT REPORTED EXPORTS FROM CANADA TO THE UNITED STATES.

CONCESSIONS GRANTED TO CANADA

AD. VAL. EQUIV. OLD RATE, 1934	RATES OF DUTY		IMPORTS (THOUSANDS OF DOLLARS)						
	OLD RATE	NEW RATE	1932		1934		FIRST 9 MONTHS 1935		
			TOTAL IMPORTS	IMPORTS FROM CANADA 1/	TOTAL IMPORTS	IMPORTS FROM CANADA 1/	TOTAL IMPORTS	IMPORTS FROM CANADA	IMPORTS FROM OTHER COUNTRIES
11. ARTICLES ON WHICH EXISTING DUTIES ARE BOUND AGAINST INCREASE:									
729. WHEAT, UNFIT FOR HUMAN CONSUMPTION	10.0	10%	N.A.	SMALL	1,915	1,915	5,419	5,369	OTHERS 50.
730. BY-PRODUCT FEEDS AND MIXED FEEDS DUTIABLE AT 10 PER CENT	10.0	10%	N.A.	7,300	4,064	3,370	6,254	4,535	ARGENTINE 614; BRAZIL 465; MEX- ICO 249; SWAN- TUNG 11; OTHERS 277.
731. SCREENINGS, SCALPINGS, ETC. OF GRAINS AND SEEDS	10.0	10%	N.A.	1,042	1,271	1,000	346	343	OTHERS 3.
			N.A.	5,402	3,370	6,370	12,019	10,247	
11. REDUCTIONS IN DUTY:									
FISHERY PRODUCTS									
717. (A) FISH, FRESH OR FROZEN (NOT ADVANCED) -									
HALIBUT	20.0	2¢ LB.	732	676	272	261	228	226	JAPAN 2.
SALMON	21.2	2¢ LB.	581	575	533	491	551	505	U.S.S.R. 34; NEW- FOUNDLAND 11; OTHERS 1.
SCORFISH, FRESH ONLY	17.6	2¢ LB.	N.A.	84	335	220	283	226	JAPAN 57.
EELS	21.7	1¢ LB.	N.A.	74	22	22	2	2	
LAKE FISH: CHUBB, FRESH WATER GULLET, JACKS, LAKE TROUT, SAUGERS, TULLIBREE, WHITE FISH, AND YELLOW PIKE	10-25	1¢ LB.	N.A.	3,265	2,119	2,118	1,670	1,670	
719. FISH, PICKLED OR SALTED -									
(1) SALMON	25.0	20%	N.A.	104	162	179	54	51	OTHERS 3.
(5) ALERIVERS (BULK)		1¢ LB.	N.A.	37	N.A.	9	N.A.	N.A.	
720. (A) SMOKED HERRING -									
(2) HARD DRY-SMOKED, SINGLE OR REHEADED BUT NOT FURTHER ADVANCED	32.2	1¢ LB.	N.A.	31	35	20	9	4	GERMANY 2; NOR- WAY 3.
(3) SMOKED, WHOLE OR NOT SKINNED	31.9	3¢ LB.	N.A.	0.1	71	9	54	14	UNITED KINGDOM 25; OTHERS 5.
721. (A) RAZOR CLAMS, CANNED	23.0	*22%	N.A.	SMALL	1	0.6	1	1	
			N.A.	4,846.1	N.A.	3,337.6	N.A.	N.A.	

* PRESIDENTIAL PROCLAMATION.

N.A. - NOT AVAILABLE.

1/ WHERE FIGURES IN THESE COLUMNS ARE BOUND THEY ARE USUALLY ESTIMATES; SOME FEW DATA REPRESENT REPORTED EXPORTS FROM CANADA TO THE UNITED STATES.

CONCESSIONS GRANTED TO CANADA

	AD VAL. EQUIV. OLD RATE, 1934		RATES OF DUTY		IMPORTS (THOUSANDS OF DOLLARS)					
			OLD RATE	NEW RATE	1935		1934		FIRST 9 MONTHS 1935	
					TOTAL IMPORTS	IMPORTS FROM CANADA 1/	TOTAL IMPORTS	IMPORTS FROM CANADA 1/	TOTAL IMPORTS	IMPORTS FROM CANADA
11. <u>REDUCTIONS IN DUTY:</u>										
<u>FOREST PRODUCTS</u>										
401.	LUMBER AND TIMBER:									
	DOUGLAS FIR AND WESTERN HEMLOCK	17.7	\$1	\$1.50						
	REDUCED DUTY TO APPLY TO NOT MORE THAN 250,000 M		TAX \$3	1.50	N.A.	12,000	110	105	1,052	1,052
	BOARD FEET PER CALENDAR YEAR		PER M	PER M						
			FEET	FEET						
401.	LUMBER AND TIMBER:									
	SPRUCE, PINE, EASTERN HEMLOCK, LARCH, AND FIR OTHER THAN DOUGLAS FIR	16.8	\$1	\$1.50						
			TAX \$3	1.50	N.A.	22,000	5,552	5,021	4,862	4,236
										GERMANY 43; U.S.S. R. 42; OTHERS 162.
1903. (1) LUMBER AND TIMBER:										
SEC. 601 (c) (6) OTHER SOFTWOOD										
REV. ACT. 1932 AND HARDWOOD, NOT SPECIALLY PROVIDED FOR, IF NOT OF SALBA OR TEAK	7.5		TAX \$3	\$1.50	4,616	4,245	1,025	722	1,237	1,140
										BRITISH INDIA 56; OTHERS 41.
402.	FLOORING OF MAPLE (EXCEPT JAPANESE MAPLE), BIRCH, AND BEECH	8.0	85	45	259	259	28	28	15	15
					N.A.	35,504	6,715	5,876	7,166	6,443

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CONCESSIONS GRANTED TO CANADA

	AD VAL. EQUIV. OLD RATE, 1934	RATES OF DUTY		IMPORTS (THOUSANDS OF DOLLARS)						
		OLD RATE	NEW RATE	1933		1934		FIRST 9 MONTHS 1935		
				TOTAL IMPORTS	IMPORTS FROM CANADA	TOTAL IMPORTS	IMPORTS FROM CANADA	TOTAL IMPORTS	IMPORTS FROM CANADA	IMPORTS FROM OTHER COUNTRIES
II. REDUCTIONS IN DUTY:										
MINERAL PRODUCTS										
201. (A) FIRE BRICK, NOT SPECIALLY PROVIDED FOR _____	25.0	25%	15%	N.A.	44	22	10	11	8	UNITED KINGDOM 2.
203. LIMESTONE, NOT SUITABLE FOR MONUMENTAL OR BUILDING STONE, CRUDE _____	84.7	5¢ PER 100 LBS.	2½¢ PER 100 LBS. }		12	8	8	0.6	0.5	UNITED KINGDOM 0.1
203. LIME, NOT SPECIALLY PROVIDED FOR _____	22.3	10¢ PER 100 LBS.	7½¢ PER 100 LBS. }	412	292	74	74	26	25	GERMANY 1
203. LIME, HYDRATED _____	25.0	12½¢ PER 100 LBS.	8½¢ PER 100 LBS. }		92	9	7	8	7	OTHERS 1
207. FELDSPAR, CRUDE _____	7.2	*50¢ LB. TON	35¢ LB. TON	N.A.	242	67	66	43	43	
209. TALC, STEATITE OR SOAPSTONE, GROUND, ETC. (EXCEPT TOILET PREPARATIONS), VALUED NOT OVER \$12.50 PER LONG TON _____	35.0	30%	25%	671	125 2/	391	84 2/	294	59	FRANCE 72; ITALY 130; JAPAN 16; OTHERS 7.
214. DEAD-BURNED BASIC REFRACTORY MATERIAL CONTAINING 85 OR MORE OF LIME AND CONSISTING CHIEFLY OF MAGNESIA AND LIME _____	30.0	30%	27½%	N.A.	200	167	167	142	141	OTHERS 1
302. (a) FERROMANGANESE, CONTAINING NOT LESS THAN 45 CARBON ON MANGANESE CONTENT	ABOUT 35	1-7/8¢ LB.	1-5/8¢ 3/ LB.	N.A.	3,600	1,401	250	1,232	-	FRANCE 137; GER- MANY 65; ITALY 86; NETHERLANDS 54; NORWAY 770; POLAND 4; UNITED KINGDOM 130; OTHERS 1.
302. (i) FERROSILICON, CONTAINING AT LEAST 85 BUT LESS THAN 90% OF SILICON _____	23.2	2¢ LB. ON SILICON CONTENT	1½¢ LB. SILICON CONTENT	1,402	1,193 1/	190	180 1/	135	135	
302. (u) FERROTITANIUM, FERROVANADIUM AND FERROURANIUM _____	25.0	25%	15%	N.A.	NONE	.4	.4	.7	-	UNITED KINGDOM 0.7
				N.A.	3,800	2,329.4	854.4	1,902.3	418.5	

* PRESIDENTIAL PROCLAMATION.

N.A. - NOT AVAILABLE.

1/ WHERE FIGURES IN THESE COLUMNS ARE ROUND THEY ARE USUALLY ESTIMATES; SOME PER DATA REPRESENT REPORTED EXPORTS FROM CANADA TO THE UNITED STATES.

2/ TOTAL IMPORTS OF TALC FROM CANADA; INCLUDES SOME VALUED OVER \$12.50.

3/ DUTY TO BE 1½ TIMES DUTY ON MANGANESE ORE PLUS 3/10 CENT; AT PRESENT RATE ON MANGANESE ORE THIS AMOUNTS TO 1-5/10 CENTS.

4/ FIGURES FOR FERROSILICON ARE FOR 8 TO 90 PER CENT.

CONCESSIONS GRANTED TO CANADA

	AD. VAL. EQUIV. OLD RATE, 1934	RATES OF DUTY		IMPORTS (THOUSANDS OF DOLLARS)					
		OLD RATE	NEW RATE	1929		1934		FIRST 9 MONTHS 1935	
				TOTAL IMPORTS	IMPORTS FROM CANADA	TOTAL IMPORTS	IMPORTS FROM CANADA	TOTAL IMPORTS	IMPORTS FROM CANADA
									OTHER COUNTRIES
11. REDUCTIONS IN DUTY:									
MANUFACTURED AND MISCELLANEOUS PRODUCTS									
1. ACETIC ACID CONTAINING BY WEIGHT MORE THAN 50% ACETIC ACID	32.2	2¢ LB.	1½¢ LB.	N.A.	728	1,853	1,946	1,525	1,525
2. VINYL ACETATE AND SYNTHETIC RESINS MADE IN CHIEF VALUE THEREFROM	63.0	6¢ LB.	3¢ LB.	N.A.	NONE	39	39	109	109
29. CORALY GLIDE	25.5	20¢ LB.	10¢ LB.	805	196	258	NONE	355	NONE
52. SPERM OIL, CRUDE	21.4	45¢ GAL.	2½¢ GAL.	N.A.	43	118	49	56	34
71. ACETYLENE BLACK	20.0	20¢	15¢	N.A.	3	N.A.	62	N.A.	N.A.
353. ELECTRICAL COOKING STOVES AND RANGES, AND PARTS	35.0	35¢	25¢	N.A.	SMALL	N.A.	SMALL	N.A.	N.A.
412. ICE HOCKEY STICKS OF WOOD	33-1/3	33-1/3	20¢	N.A.	SMALL	N.A.	SMALL	N.A.	N.A.
602. WHISKY (AGED NOT LESS THAN 4 YEARS IN WOOD CONTAINERS)	100.9	\$5 PROOF GAL.	\$2.50 PROOF GAL.	N.A.		27,818	16,020	18,533	9,828
									UNITED KINGDOM 104; BELGIUM 170; OTHERS 1
1402. PULPBOARD IN ROLLS FOR BILLBOARDS, NOT PROCESSED	10.0	10¢	5¢	1,272	1,272	318	318	236	236
1413. PULPBOARD IN ROLLS FOR BILLBOARDS, SURFACE STAINED OR DYED, LINED OR VATHINED, ENGRAVED OR PRINTED	30.0	\$14.50 SH. 10¢ TON MIN. 15¢ MAX. 30¢		N.A.	0.2 2/	36	6	41	20
									SWEDEN 10; FINLAND 9; GERMANY 2.
1502. LACROSSE STICKS	30.0	30¢	15¢	N.A.	10	N.A.	10	N.A.	N.A.
1502. ICE SKATES AND PARTS	20.0	20¢	15¢	N.A.	86	47	45	51	51
1530. (a) (3) HARNESS OR SADDLERY LEATHER (BOVINE)	12½	12½	10¢	990	836	20	0.3	9	NONE
									UNITED KINGDOM 9
1530. (a) (4) PATENT LEATHER (BOVINE)	15.0	15¢	10¢	1,263	1,176	32	32	9	9
1541. (a) PIPE ORGANS (CHAURCH) AND PARTS THEREOF	35.0	40¢ OR 32¢	25¢	363	182	12	12	30	30
				N.A.	4,630.2	N.A.	16,439.3	N.A.	N.A.

* PRESIDENTIAL PROCLAMATION.

N.A. - NOT AVAILABLE.

1/ WHERE FIGURES IN THESE COLUMNS ARE BOUND THEY ARE USUALLY ESTIMATED; NONE FEW DATA REPRESENT REPORTED EXPORTS FROM CANADA TO THE UNITED STATES.

2/ INCLUDES PAPERBOARD AND CARDBOARD, PROCESSED.

CONCESSIONS GRANTED TO CANADA

				RATES OF DUTY		IMPORTS (THOUSANDS OF DOLLARS)						
				OLD RATE	NEW RATE	1933		1934		FIRST 9 MONTHS 1935		
						TOTAL IMPORTS	IMPORTS FROM CANADA	TOTAL IMPORTS	IMPORTS FROM CANADA	TOTAL IMPORTS	IMPORTS FROM CANADA	IMPORTS FROM OTHER COUNTRIES
11. "BOUND" AGAINST THE IMPOSITION OF ANY DUTY OR IMPORT TAX												
FISHERY PRODUCTS												
1750.	SEA HERRING AND SMELTS, FRESH OR FROZEN	FREE	BOUND FREE	1,250	1,214	914	893	711	692	JAPAN 9; NEWFOUNDLAND 9; OTHERS 1		
1761.	CLAMS, QUAHOGS, FRESH OR FROZEN	"	"	N.A.		26	23	63	60	OTHERS 3		
1761.	CRABS, FRESH OR FROZEN (NOT CRAB MEAT)	"	"	N.A.	16	0.4	0.4	0.3		CUBA 0.2; OTHERS 0.1		
1761.	OYSTERS, FRESH OR FROZEN (EXCEPT SEED OYSTERS)	"	"	N.A.		224	10	177	11	JAPAN 133; HONG KONG 30; CHINA 3		
1761.	LOBSTERS, FRESH, FROZEN OR CANNED	"	"	3,168	2,955	2,364	2,225	2,064	1,917	MEXICO 50; BR. E. INDIES 12; CUBA 30; UN. OF SO. AFRICA 32; OTHERS 5		
1761.	SCALLOPS, FRESH BUT NOT FROZEN	"	"	N.A.	4,185	131	184	114	77	JAPAN 37		
						3,699.4	3,239.4	3,129.3	2,752			
FOREST PRODUCTS												
PULPWOOD, PULP, AND NEWSPRINT PAPER -												
1716.	8000 PULP -											
	BLEACHED SULPHITE	"	"	25,339	14,462	19,411	10,360	15,266	9,141	SWEDEN 1930; NORWAY 1516; FINLAND 978; GERMANY 1013; OTHERS 504		
	MECHANICALLY GROUND, BLEACHED OR UNBLEACHED	"	"	6,246	5,604	3,021	2,506	1,672	1,529	FINLAND 208; SWEDEN 80; NORWAY 47		
	SODA, BLEACHED OR UNBLEACHED	"	"	514	374	305	305	311	311			
1772.	STANDARD NEWSPRINT PAPER	"	"	144,462	132,262	76,272	68,467	57,963	51,167	SWEDEN 1,905,000; FINLAND 1,364; NEWFOUNDLAND 2,87; OTHERS 605		
1803. (2)	PULPWOOD	"	"	14,598	14,412	7,323	7,251	6,245	6,245			
OTHER FOREST PRODUCTS -												
1760.	SHINGLES OF WOOD (LIMITED TO 25% OF UNITED STATES CONSUMPTION)	"	"	6,650	6,650	3,542	3,542	5,121	5,121			
1803. (2)	LOGS, ROUND TIMBER, FIREWOOD, POLTS, LATHS, ETC. (EXCLUDING CABINET WOODS)	"	"	13,120	11,942	2,251	2,166	2,304	2,241	DOMINICAN REPUBLIC 16; BR. GUIANA 14; JAPAN 5; FRANCE 22; CUBA 1; MEXICO 1; OTHERS 2		
1804.	POSTS, TIES, AND POLES	"	"									
1805.	PICKETS, PALINGS, HOOPS, AND STAVES	"	"									
						211,160	185,866	112,122	94,935	95,114	76,730	
1/ LOGS OF FIR, SPRUCE, CEDAR, OR WESTERN HEMLOCK, DUTIABLE AT \$1 A FEET UNDER ACT OF 1922.												

1/ LOGS OF FIR, SPRUCE, CEDAR, OR WESTERN HEMLOCK, SUITABLE AT \$1 A FEET UNDER ACT OF 1922.

CONCESSIONS GRANTED TO CANADA

	RATES OF DUTY		IMPORTS (THOUSANDS OF DOLLARS)							
	OLD RATE	NEW RATE	1929		1934		FIRST 9 MONTHS 1935			
			TOTAL IMPORTS	IMPORTS FROM CANADA	TOTAL IMPORTS	IMPORTS FROM CANADA	TOTAL IMPORTS	IMPORTS FROM CANADA	IMPORTS FROM OTHER COUNTRIES	
II. "BOUND" AGAINST THE IMPOSITION OF ANY DUTY OR IMPORT TAX										
GENERAL PRODUCTS										
1616. ASBESTOS, UNMANUFACTURED	FREE	BOUND FREE	11,153	6,364	3,348	3,626	3,452	3,045	SW. S. AFRICA 183; U.S.S.R. 142; ITALY, GERM & CYP- RUS 71; OTHERS 11	
1632. COBALT AND COBALT ORE	*	* *	1,795	533	790	81	603	41	UN. OF S. AFRICA 133; GERMANY 48; BELGIUM 375; OTHERS 6.	
1672. CRUDE ARTIFICIAL ABRASIVES, NOT SPECIALLY PROVIDED FOR	*	* *	3,816	3,491	2,777	2,730	2,226	2,194	SWEDEN 15; GERMANY 8; OTHERS 9	
1734. NICKEL ORE, MATTE, AND OXIDE	*	* *	2,617	2,585	1,793	1,793	1,757	1,757		
1743. PLASTER ROCK (INCLUDING ANHYDRITE) AND GYPSUM, CRUDE	*	* *	1,061 <u>20,442</u>	976 <u>15,969</u>	371 <u>9,087</u>	341 <u>7,971</u>	316 <u>8,354</u>	293 <u>7,330</u>	MEXICO 23	
MANUFACTURED AND MISCELLANEOUS PRODUCTS										
1801. SULPHURIC ACID OR OIL OF VITRIOL	*	* *	97	97	13	13	6	6		
1804. AGRICULTURAL IMPLEMENTS OF WHICH CANADA IS THE PRINCIPAL SUPPLIER	*	* *	1,241	1,237	176	109	923	915	MEXICO 3; BELGIUM 4; UNITED KINGDOM 1	
1841. CALCIUM CYANAMIDE OR LIME NITROGEN	*	* *	6,221	6,221	1,983	1,844	1,778	1,778		
1867. SODIUM CYANIDE	*	* *	3,199	1,997	2,016	1,140	2,222	1,008	GERMANY 709; FRANCE 250; NETHERLANDS 97; SWITZERLAND 66; OTHERS 6	
1881. UNDRESSED FURS: BEAVER, MUSKRAT AND WOLF	*	* *	9,753	5,078	3,572	1,954	3,601	2,139	UNITED KINGDOM 404; JAPAN 904; CHINA 16; U.S.S.R. 45; OTHERS 33.	
			20,511	14,630	7,670	5,060	8,532	5,848		

BENEFITS FOR CANADIAN EXPORTS TO UNITED STATESCANADIAN EXPORTS TO UNITED STATES - VALUE YEAR 1929 -
OF ARTICLES BENEFITING FROM CONCESSIONS BY UNITED STATESALL CONCESSIONS TO CANADA REMAIN IN FORCE UNTIL DECEMBER 31, 1938

	TOTAL VALUE OF IMPORTS FROM CANADA IN 1929 UPON WHICH CONCESSIONS ARE MADE -		WE "BIND" NEARLY ALL OF THE IMPORTANT "FREE" ITEMS WE BUY FROM CANADA AGAINST THE IMPOSITION OF ANY DUTY OR IMPORT TAX -		WE REDUCE DUTIES, BELOW OUR EXISTING TARIFF AND EXCISE RATES, ON A LARGE PROPORTION OF THE DUTIABLE GOODS WE BUY FROM CANADA -	
TOTAL CONCESSIONS	\$307,894,400	100%	\$229,092,000	100%	\$78,802,400	100%
<u>DISTRIBUTION DISTRIBUTED BY VALUE BY COMMODITY GROUPS</u>						
I. <u>AGRICULTURAL AND FOREST PRODUCTS:</u>						
1. ANIMALS AND ANIMAL PRODUCTS	18,925,000	6.2	—	—	18,925,000	24.0
2. VEGETABLE PRODUCTS	14,497,100	4.7	8,402,000 ^{1/}	3.7	6,095,100	7.7
3. FOREST PRODUCTS	224,430,000	72.9	185,926,000	81.2	38,504,000	48.9
4. TOTAL AGRICULTURAL AND FOREST PRODUCTS	257,852,100	83.8	194,328,000	84.9	63,524,100	80.6
II. <u>FISHERY AND MINERAL PRODUCTS:</u>						
1. FISHERY PRODUCTS	9,031,100	2.9	4,185,000	1.8	4,846,100	6.1
2. MINERAL PRODUCTS	21,749,000	7.1	15,949,000	6.9	5,800,000	7.4
3. TOTAL FISHERY AND MINERAL PRODUCTS	30,780,100	10.0	20,134,000	8.7	10,646,100	13.5
III. <u>MANUFACTURED AND MISCELLANEOUS PRODUCTS:</u>	19,262,200	6.2	14,630,000	6.4	4,632,200	5.9

^{1/} ANIMAL FEEDSTUFFS, \$8,402,000, BOUND AGAINST INCREASE OF PRESENT RATE OF DUTY OF 10 PER CENT AD VALOREM.

SOURCE: PRESS RELEASE, "CONCESSIONS GRANTED TO CANADA", NOVEMBER 17, 1935.

BENEFITS FOR UNITED STATES EXPORTS TO CANADA

UNITED STATES EXPORTS TO CANADA - VALUE CANADIAN FISCAL YEAR ENDED MARCH 31, 1936 -
OF ARTICLES BENEFITING FROM CONCESSIONS BY CANADA

VALUE OF CANADIAN IMPORTS FROM
U. S. IN 1929 UPON WHICH
CONCESSIONS MADE BY CANADA
BUT NOT BOUND AS TO DURATION

VALUE OF CANADIAN IMPORTS FROM U. S. IN 1929 UPON WHICH
CONCESSIONS MADE BY CANADA ARE BOUND UNTIL DECEMBER 31, 1936

CANADA REDUCES DUTIES TO
"MOST-FAVORED-FOREIGN-NATION"
RATES

TOTAL ON WHICH CONCESSIONS
MADE TO
DECEMBER 31, 1936

CANADA "DINER" EXISTING
RATES AGAINST INCREASE

CANADA REDUCES DUTIES TO
"MOST-FAVORED-FOREIGN-NATION"
RATES

CANADA REDUCES DUTIES BELOW
"MOST-FAVORED-FOREIGN-NATION"
RATES

TOTAL CONCESSIONS	\$227,269,000	100%	\$244,053,000	100%	\$63,149,000	100%	\$64,513,000	100%	\$116,991,000	100%
CONCESSIONS DISTRIBUTED BY TYPE BY COMMODITY GROUPS										
I. AGRICULTURAL AND FOREST PRODUCTS:										
1. AGRICULTURAL PRODUCTS	20,005,000	8.4	37,122,000	15.1	7,349,000	11.7	12,696,000	20.0	16,834,000	14.4
2. SOOD AND WOOD PRODUCTS	6,895,000	2.9	16,895,000	7.0	3,060,000	5.0	-	-	14,725,000	12.6
3. TOTAL AGRICULTURAL AND FOREST PRODUCTS	26,900,000	11.2	54,017,000	22.0	10,409,000	17.3	12,696,000	20.0	31,559,000	27.0
II. FISHERY AND MINERAL PRODUCTS:										
1. FISHERY PRODUCTS	796,000	.3	366,000	.2	-	-	-	-	366,000	.3
2. STONE, GLASS AND NON-FERROUS METALS	17,543,000	7.4	6,337,000	2.4	1,246,000	2.0	4,000,000	6.3	3,001,000	2.6
3. TOTAL FISHERY AND MINERAL PRODUCTS	18,339,000	7.7	6,703,000	2.6	1,246,000	2.0	4,000,000	6.3	3,367,000	2.9
III. MANUFACTURED AND MISCELLANEOUS PRODUCTS:										
1. MACHINERY AND ENGINES	14,016,000	5.9	71,177,000	29.1	1,086,000	1.7	18,741,000	29.0	51,350,000	43.9
2. IRON AND STEEL PRODUCTS	5,872,000	2.5	6,663,000	2.7	3,482,000	5.5	2,866,000	4.5	233,000	.2
3. OTHER MANUFACTURES OF IRON AND STEEL	23,904,000	10.1	41,366,000	17.0	-	-	14,455,000	22.4	27,114,000	23.2
4. HARDWARE	2,015,000	.8	1,042,000	.4	-	-	740,000	1.2	293,000	.2
5. MOTOR VEHICLES	39,776,000	16.7	665,000	.3	-	-	665,000	1.1	-	-
6. RAILROAD EQUIPMENT	3,077,000	1.3	-	-	-	-	-	-	-	-
7. PAPER AND PAPER PRODUCTS	12,740,000	5.4	11,145,000	4.6	4,140,000	6.6	3,932,000	6.1	3,073,000	2.6
8. HIDES AND LEATHER	6,063,000	2.6	13,434,000	5.5	13,474,000	21.3	-	-	-	-
9. TEXTILES	39,674,000	16.7	27,975,000	11.4	27,104,000	42.9	872,000	1.4	-	-
10. RUBBER PRODUCTS	2,547,000	1.1	-	-	-	-	-	-	-	-
11. PETROLEUM PRODUCTS	19,962,000	8.4	-	-	-	-	-	-	-	-
12. CHEMICALS	5,966,000	2.5	2,736,000	1.1	1,007,000	1.6	1,729,000	2.7	-	-
13. MUSICAL INSTRUMENTS	2,611,000	1.1	-	-	-	-	-	-	-	-
14. MISCELLANEOUS PRODUCTS	14,115,000	5.9	4,134,000	1.7	701,000	1.1	3,433,000	5.3	-	-
15. TOTAL MANUFACTURED AND MISCELLANEOUS PRODUCTS	192,260,000	81.0	180,241,000	73.8	50,994,000	80.7	47,484,000	73.7	82,063,000	70.1

SOURCE: 1. PRESS RELEASE, "THE TRADE AGREEMENT WITH CANADA", NOVEMBER 17, 1935.

2. "COMPLETE LIST AND ANALYSIS OF UNITED STATES EXPORT PRODUCTS BENEFITING FROM THE TRADE AGREEMENT WITH CANADA", DEPARTMENT OF COMMERCE, NOVEMBER 17, 1935.

CONCESSIONS GRANTED TO CANADA

AS VAL. EQUIV. OLD RATE, 1934	RATES OF DUTY		IMPORTS (THOUSANDS OF DOLLARS)						
	OLD RATE	NEW RATE	1932		1934		FIRST 9 MONTHS 1935		
			TOTAL IMPORTS	IMPORTS FROM CANADA ^{1/}	TOTAL IMPORTS	IMPORTS FROM CANADA ^{1/}	TOTAL IMPORTS	IMPORTS FROM CANADA	IMPORTS FROM OTHER COUNTRIES
1. REDUCTIONS IN DUTY:									
ANIMAL PRODUCTS									
701. CATTLE WEIGHING 700 POUNDS OR MORE EACH	66.7	3¢ LB.			9,900	30 ^{2/}	4	3,555 ^{3/}	3,470 ^{3/} MEXICO 71; VIRGIN ISLANDS 4.
701. CALVES WEIGHING LESS THAN 175 POUNDS EACH REDUCTION TO APPLY ANNUALLY TO NO MORE THAN 3/4 OF 1% FOR CATTLE AND 1/4 OF 1% FOR CALVES, OF THE AVERAGE ANNUAL TOTAL NUMBER OF CATTLE (INCLUDING CALVES) SLAUGHTERED IN THE UNITED STATES DURING 1925-32.	UNKNOWN	2 1/2¢ LB.	21,610 ^{3/}		1,000	561 ^{4/}	3	3,358 ^{5/}	1,156 ^{5/} MEXICO 2,173; VIRGIN ISLANDS 29.
701. DAIRY COWS WEIGHING 700 POUNDS OR MORE EACH DUTY REDUCED ON NOT OVER 20,000 HEAD ANNUALLY	66.7	3¢ LB.			500	3/	2	3/	3/
707. CREAM, FRESH OR SOUR DUTY REDUCED ON NOT OVER 1,500,000 GALLONS ANNUALLY		55.5¢ GAL.	5,194	5,194	1	0.1		0.8	0.4 DENMARK 0.1; HAWAII 0.1; OTHERS 0.2
710. CHEDDAR CHEESE IN ORIGINAL LEAVES	UNKNOWN	7¢ LB. MIN. 32%	N.A.	1,005 ^{2/}	N.A.	140 ^{2/}		N.A.	N.A.
711. LIVE POULTRY	(EST. OVER 70% ON ORDINARY GRADES)	8¢ LB.	356	347	9	5	12	4	SPAIN 4; UNITED KINGDOM 0.5; OTHERS 3.5.
712. CHICKENS AND GUINEAS, DEAD	"	10¢ LB.	N.A.	10	15	1	15	14	OTHERS 1
714. HORSES, VALUED AT NOT MORE THAN \$205 OR \$150 PER HEAD	30% ON \$100 HORSE	\$30 HEAD	N.A.	179	300	304	530	522	OTHERS 8
			N.A.	18,925	N.A.	519.1	N.A.	N.A.	

N.A. - NOT AVAILABLE.

^{1/} WHERE FIGURES IN THESE COLUMNS ARE FOUND THEY ARE USUALLY ESTIMATES; SOME FEW DATA REPRESENT REPORTED EXPORTS FROM CANADA TO THE UNITED STATES.^{2/} ALL CHEESE FROM CANADA.^{3/} DAIRY COWS INCLUDED WITH "CATTLE WEIGHING 700 POUNDS OR MORE EACH".^{4/} INCLUDES ALL "CATTLE WEIGHING LESS THAN 700 POUNDS EACH".^{5/} ALL CATTLE.SOURCE: 1. PRESS RELEASE, "CONCESSIONS GRANTED TO CANADA", NOVEMBER 17, 1935
2. DEPARTMENT OF COMMERCE

DECEMBER 5, 1935.

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1. FISHERY PRODUCTS _____	3 AND 7
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W. J. Tully
This is the latest
correspondence with
Mr. West which has
come to file.
J. C. P.

Box 178

GEORGE N. PEEK
MOLINE, ILLINOIS

Washington, D.C.
December 6, 1935

The President

The White House

Dear Mr. President:

You will recall that when I saw you on November 19 you asked my opinion of the Canadian trade agreement and that I told you I was not in a position to comment upon it but that I was making a comprehensive study of the agreement. You asked me to send you a copy, with particular reference to the effect of generalization of concessions.

I have now made an exhaustive analysis of the material which is available, and in accordance with your request am enclosing a copy for your information.

In my opinion the agreement raises grave questions of political and economic policy.

I hope that you may see your way clear to act upon the suggestions contained on pages 6 and 7 of my memorandum.

Sincerely yours,

George N. Peek
George N. Peek

Incl.

P3F Pick

74TH CONGRESS
1st Session

H. R. 8526

IN THE HOUSE OF REPRESENTATIVES

JUNE 17, 1935

Mr. SCRUGHAM introduced the following bill; which was referred to the Committee on Ways and Means and ordered to be printed.

A BILL

To amend part 3 of Title III of the Tariff Act of 1930.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That part 3 of Title III of the Tariff Act of 1930, as
4 amended, is amended by striking out the last two sentences
5 of subsection (a) (2) of section 350 and inserting in lieu
6 thereof the following: "The proclaimed duties and other
7 import restrictions and continuances shall not apply to
8 articles the growth, produce, or manufacture of any other
9 foreign country, whether imported directly or indirectly,
10 unless the President finds that such other country agrees
11 in return therefor to extend to the United States tariff con-

1 cessions or other trade advantages of corresponding value:
2 *Provided*, That pending the termination of the various uncon-
3 ditional most-favored-nation commitments of the United
4 States through denunciation by the President, by mutual
5 consent or otherwise, the President may extend the benefits
6 of the proclamations authorized by this section without
7 requiring concessions of corresponding value in return there-
8 for, to nations with whom the United States has uncondi-
9 tional most-favored-nation treaties or agreements, if and
10 when such nations demonstrate to his satisfaction that they
11 are not discriminating against American commerce and
12 are not pursuing other acts or policies which in his opinion
13 tend to defeat the purposes set forth in this section. The
14 proclaimed duties, other import restrictions and continu-
15 ances shall be in effect from and after such time as is specified
16 in the proclamation. The President may at any time
17 terminate any such proclamation in whole or in part."

74TH CONGRESS
1st Session

H. R. 8526

A BILL

To amend part 3 of Title III of the Tariff Act
of 1930.

By Mr. SCHUGHAM

JUNE 17, 1935

Referred to the Committee on Ways and Means and
ordered to be printed

MEMORANDUM
on
THE CANADIAN TRADE AGREEMENT

PSIF Peak

MEMORANDUM

on

THE CANADIAN TRADE AGREEMENT

12-6-35

Following the publication of the terms of the trade agreement with Canada, signed November 15, 1935, I undertook an exhaustive analysis of its provisions. I have relied exclusively on government data, both published and unpublished. From these I have drawn up four master tables and have reached certain conclusions.

The tables cover:

- I. Balance of payments with Canada, 1929 - 1934, with available figures for the first nine months of 1935.
- II. Classification and analysis of concessions granted to Canada by the United States.
- III. Classification and analysis of concessions received from Canada.
- IV. Analysis of concessions granted by the United States to indicate possible benefits to third nations under the unconditional Most-Favored-Nation policy.

Table I shows among other items the recorded exports and imports of merchandise, gold and silver, as follows:

	<u>1929</u>	<u>1934</u>	<u>1935</u> (9 months)
	(Thousands of Dollars)		
United States sold merchandise to Canada - - - - -	948,400	302,400	243,700
United States bought merchandise from Canada - - - - -	503,500	231,600	203,100
Leaving us with an export merchan- dise surplus of - - - - -	444,900	70,800	40,600
We bought gold and silver from Canada net - - - - -	77,500	87,100	77,900
Leaving us with a visible export or import (-) surplus of - -	367,400	- 16,300	- 37,300

The striking changes which have taken place in our trade and financial relations with Canada between 1929 and 1934-5 (which were noted in my Letter to the President of April 30, 1935, on Foreign Trade and International Investment Position of the United States, Exhibit III) are to be attributed not only to the passage of the Tariff Act of 1930 and the enactment of subsequent new tariff legislation by Canada, but more particularly to such developments as the negotiation of the Ottawa agreements, higher prices of gold and silver, and the general breakdown of international exchanges.

Tables II and III indicate the following situation with respect to concessions made and bound by us to Canada, and those made and bound by

Canada to us until December 31, 1938:

Value of 1929 trade in articles upon which concessions are bound.		
<u>Distribution of concessions by commodity groups</u>	<u>Concessions by United States</u>	<u>Concessions by Canada</u>
	<u>\$307,894,400</u>	<u>\$244,653,000</u>
Agricultural and forest products - - - - -	83.8%	22.6%
Fishery products - - - - -	2.9%	0.2%
Mineral products - - - - -	7.1%	3.4%
Manufactured and miscel- laneous products - -	6.2%	73.8%

In substance this results in giving Canada an increased share of our markets for agricultural and forest products, in the expectation that certain of our industries will obtain larger markets in Canada for their products especially of productive machinery. The reason advanced in the official statement of November 17, 1935, for this procedure is that our farmers will gain much from the numerous and important concessions obtained for manufactured American goods. In the words of the statement:

"The increase in the exports of our factories which seems bound to result will so add to the purchasing power of the wage earners that they can buy more of the products of American farms."

This, I am led to observe, is precisely the theory upon which three Republican administrations acted during the twenties when American agriculture progressively declined. The Democratic party adopted an opposite policy for its successful campaign of 1932 and for its subsequent requests for farm legislation.

President Roosevelt stated the issue unequivocally in his Baltimore and Boston speeches in 1932.

While some farm prices have reached parity and while agricultural gross income increased from \$5,337,000,000 in 1932 to \$7,300,000,000 in 1934 it is still \$4,641,000,000 below the 1929 figure of \$11,941,000,000 and is still less than 63% of the seven year average, 1923 - 1929. In this connection it may be recalled that by 1929 the agricultural distress of the twenties had become so general and the demand for relief so insistent that Congress and President Hoover felt obliged to act on a broad scale.

Increased agricultural imports can have only a depressing effect on farm prices, and one which tends to continue the necessity for restriction of production. While quotas on some commodities have been provided they are tariff quotas only. There is no limit on the quantity which may be imported at the regular tariff rates. Moreover the importation of even small quantities at lower rates may have a depressing effect on general market prices.

In the face of these facts and of President Roosevelt's assurances in his Baltimore speech of October 26, 1932, that agricultural tariffs would not be reduced, it may be asked whether it is wise or fair to ask agriculture at this time to accept the sacrifices involved in the Canadian agreement.

How agriculture feels about it may be gauged from the statement given out by the National Grange regarding the Resolution adopted at its

recent Convention at Sacramento:

"The National Grange opposes reciprocal trade practices or favored nation treaties using industrial products to the disadvantage of agriculture; especially condemning the recent reciprocity treaty with Canada, certain to prove injurious to the growers of many American farm products."

Table IV is a list of commodities upon which concessions have been made by us, comparing where possible the total amounts of those commodities imported by us with the amounts supplied by Canada, for the years 1929, 1934, and 1935 (9 months). The right hand column lists other nations which have been suppliers to us of the commodities listed, with the amounts received from each in 1935, and may be read as an indication of the substantial benefits which may accrue automatically to third nations under the unconditional Most-Favored-Nation policy, as a result of the concessions made in the Canadian agreement.

I have pointed out repeatedly, as the trend of the present trade agreements program gradually became apparent, that the adoption of the unconditional Most-Favored-Nation principle for the Canadian and other trade agreements means a general reduction of the tariff. It has been minimized or obscured in some instances, notably in the case of the Canadian agreement, by the skill with which our negotiators have in part nullified the operation of the Most-Favored-Nation principle through the selection of commodities supplied solely by one nation, by "trick" classifications, by employment of quotas, and by inclusion of "escape" clauses. Nevertheless sufficient of the unconditional

principle has remained to make the substantial effect of the tariff concessions in the individual agreements one of general tariff reduction in exchange for scattering concessions from the countries concerned. One has only to point to items such as the inclusion of Scotch and Irish whiskies in the Canadian agreement to see how this operates.

Attention is also called to the following items in Table IV: Cattle and calves, cream, cheddar cheese, live poultry, cereal, breakfast food, apples, blueberries, cherries, peas, by product and mixed feeds, lumber, salmon, smoked herring, boned herring, talc, ferro-manganese, ferro-titanium, cobalt oxide, sperm oil, whisky (which includes Scotch and Irish whiskies), pulp board, harness leather, scallops, wood pulp, newsprint, cobalt and cobalt ore, sodium cyanide, undressed furs.

C O N C L U S I O N S

1. The agreement involves a direct reversal of the position of the Democratic party as laid down by President Roosevelt in his Baltimore speech of October 26, 1932, in which he said:

"I know of no effective excessively high duties on farm products. I do not intend that such duties shall be lowered. To do so would be inconsistent with my entire farm program."

In that speech he expressed his firm belief that:

"The future of industry depends upon establishing a market for American made goods among American farmers."

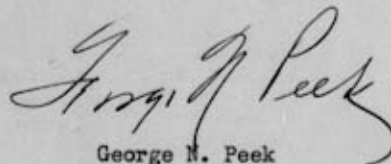
2. The Canadian agreement, and the other trade agreements excepting Cuba, through the operation of the unconditional Most-Favored-Nation policy substantially effect a general tariff reduction. This is a matter of major national policy and one upon which Congress has not passed.

It is my considered view that these are developments which were not contemplated by Congress at the time of the passage of the Trade Agreements Act of 1934. I feel that Congress should be consulted specifically upon them regardless of the technical authority granted to the President under the Act of 1934.

The question may be raised that the Canadian trade agreement has already been proclaimed by the President. Under the Act of 1934:

"The President may at any time terminate any such proclamation in whole or in part."

Will he avail himself of this authority? Will he consult Congress?


George N. Peek

December 6, 1935.

SPOT Informed New Yorkers say that George Peak is quitting the administration for the purpose of taking the same sort of critical position with regard to its agricultural policy as Lew Douglas has taken on financial affairs. He is expected to attack New Deal farm measures from the viewpoint of a "friend" who is regretfully compelled to tell unpalatable truths.

Sources who should know say that Peak was in there from the beginning to put over as much as he could, to hang on as long as possible and to gather all available information which might be useful as ammunition to help beat FDR when he finally retired. He campaigned well for Roosevelt in the farm districts in 1932, but he always represented a crowd fundamentally hostile to the New Deal. There was never any chance that he would stick to the finish unless by some miracle the 1933 "era of good feeling" - when Roosevelt was more or less regarded as above politics - had been perpetuated indefinitely. Peak lasted quite a while at that - but the Canadian trade treaty showed so clearly that Hull was on top that his position became untenable.

Astute observers remark that the fact that Hull had to put up with Peak for so long indicated how much Roosevelt and how little Hull there has really been in the State Department. Hull has been in somewhat the spot of a corporation president with an executive vice president of different ideas whom he couldn't fire.

ROCKS Now that Peak is out an effective anti-New Deal triangle composed of co-members of the administration is just about set for an intensive barrage.

Peak will attack from the agricultural corner, Douglas from the financial, Hugh Johnson is doing all right from the industrial angle, but insiders understand he will soon be abetted in this quarter by others who will retire more in sorrow than anger.

These men were all put into the administration by forces willing to ride the Roosevelt chariot as long as it was free-wheeling but ready to hop off and throw rocks as soon as the going started to get rough. Their shots should be the more accurate for their inside knowledge of crochets in the armor.

REVAMPED The Supreme Court decision on the Guffey Act will have an important bearing on John L. Lewis' drive for control of the Federation of Labor.

If the Guffey law is declared constitutional it will undoubtedly be followed (assuming Mr. Roosevelt's reelection) by a number of similar statutory codes for other industries. These would offer an ideal background for the building up of industrial unions on the United Mine Workers model and give additional impetus to Lewis' campaign.

The construction industry is keeping a close eye on the Lewis-Green battle. It has suffered more than any other from the jurisdictional jealousies of craft unions. Plenty of contractors have added to their cursing vocabulary in arguments about why electricians aren't allowed to do a little incidental carpentry or why plumbers mustn't touch a brick. Of course the building trades unions are among the strongest of the craft organizations and it will be a matter of years at least before they could be revamped to a vertical setup where contractors would have only one union to deal with - but there's no harm hoping.

INEVITABLE