

87TH CONGRESS
1ST SESSION

H. CON. RES. 305

IN THE HOUSE OF REPRESENTATIVES

MAY 15, 1961

Mr. FOGARTY submitted the following concurrent resolution; which was referred to the Committee on Ways and Means

CONCURRENT RESOLUTION

Whereas the Eighty-fifth Congress passed the trade agreements extension bill in August 1958, authorizing the President within a four-year period to reduce existing customs duties up to 20 per centum;

Whereas an international conference held under the auspices of the General Agreement on Tariffs and Trade is being convened in January 1961, in Geneva, Switzerland;

Whereas profound changes in the international competitive standing of United States producers have occurred since the passage of the Trade Agreements Extension Act of 1958;

Whereas mounting deficits incurred by the United States in the total foreign account, which attained the magnitude of \$3,400,000,000 in 1958, \$3,700,000,000 in 1959, and an estimated \$3,000,000,000 in 1960;

Whereas the gold outflow in partial satisfaction of these deficits

since January 1958 has reached a level of approximately \$5,000,000,000, while the stock of gold at Fort Knox has fallen to a level below \$18,000,000,000 against which foreign claims of more than \$18,000,000,000 are outstanding, nearly all of which could be withdrawn on demand;

Whereas prevention of a disastrous outflow of gold to foreign countries adds to the pressure on the Treasury Department to offer higher interest rates on its current and future borrowings, thus dampening domestic industrial activity and promoting stagnation while adding to the outlay for interest on the national debt, the interest service on which has already reached the level of \$9,600,000,000 annually and bids fair to rise appreciably, thus adding to the national budget additional billions of dollars of fixed charges;

Whereas imports of finished and semifinished manufactures have risen sharply in recent years and now represent two-thirds of our total imports, thus reflecting the sharpened competitive advantage that has been gained by other industrial countries over the United States;

Whereas the United States has moved from the position of a leading export nation in a number of items that are products of mass production and therefore the output of our most advanced industries technologically, among them being automobiles, petroleum, cameras, sewing machines, and typewriters, thus reflecting the startling loss of technological leadership by the United States to other countries that enjoy a wage differential in comparison with this country;

Whereas numerous domestic manufacturers have in the past two years made arrangements to manufacture abroad as a means of gaining lower production costs and enabling them to supply foreign markets from abroad rather than from the

United States and in some instances to ship into the United States from branches established abroad, thus reducing opportunities for employment of American workers, retarding American suppliers of materials and parts to domestic industry, and preventing small American companies that lack the capital resources to invest in foreign facilities from participating in the economic growth represented by such use of United States capital, thereby producing the total effect of handicapping American industrial power and diminishing tax revenues at a time when the cold war costs of the Federal Government are mounting;

Whereas the productivity of labor in other industrial countries has taken a notable leap, stimulated in great degree by some \$25,000,000,000 in modern machinery and equipment shipped abroad by the United States during the past seven years, thus increasing the competitive advantage of foreign producers, particularly in the absence of any significant increase in foreign wage rates compared with those prevailing in this country;

Whereas American industry may expect increasingly sharp and distressing competition from abroad because of the generally weaker bargaining powers of foreign labor unions compared with those of this country, thus offering no hope of any closing of the cost differential between foreign and domestic producers in the foreseeable future;

Whereas this competition, already severe and capturing progressively larger shares of our home market for numerous products, will create grave problems of survival for some of our industries and of maintaining in such industries an American scale of wages and the enjoyment of an American

standard of living for their workers, even without further tariff reductions by the United States: Now, therefore, be it

1 *Resolved by the House of Representatives (the Senate*
2 *concurring)*, That it is the sense of Congress:

3 That the United States should grant no further tariff
4 reductions in the tariff negotiations under the auspices of the
5 General Agreement on Tariffs and Trade in 1961, notwith-
6 standing the authorization contained in Public Law 85-686,
7 known as the Trade Agreements Extension Act of 1958.

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Declaring the sense of the Congress that no further reductions in tariffs be made during the life of the present Reciprocal Trade Agreements Act.

By Mr. FOGARTY

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