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REPORT
No. 92-1260

INTERNATIONAL ECONOMIC POLICY ACT OF 1972

JULY 27, 1972.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PATMAN, from the Committee on Banking and Currency, submitted the following

REPORT

together with

SUPPLEMENTAL, ADDITIONAL, AND INDIVIDUAL VIEWS

[To accompany H.R. 15989]

The Committee on Banking and Currency, to whom was referred the bill (H.R. 15989) to establish a Council on International Economic Policy, to extend the Export Administration Act of 1969, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

NEED FOR THE LEGISLATION

The bill recommended by your Committee, H.R. 15989, contains two titles. The first would establish a Council on International Economic Policy chaired by the President and composed of relevant cabinet level and executive office officials, supported by a staff. Title II would extend the Export Administration Act of 1969 to June 30, 1974.

TITLE I—COUNCIL ON INTERNATIONAL ECONOMIC POLICY

This proposed title stems from the fact that there are a great many activities undertaken by numerous Federal departments and agencies which, overall, constitute the international economic policy of the United States and which have remained insufficiently coordinated to the detriment of the national interest and welfare of the people of this country. The title would establish a mechanism which can provide for close coordination of domestic and international economic policy and of the several components of international economic policy. The proposed Council on International Economic Policy would provide for a clear top level focus for the full range of international economic policies, including trade, investment, balance of payments and finance as a coherent whole. The Council would have the opportunity to investigate problems with respect to the coordination, implementation and long-range development of international economic policy, and to make appropriate findings and recommendations toward the development of a more rational and orderly international economic policy.

The international economic policies which have been pursued until now have been based in substantial part on realities which existed in the period immediately following World War II, and these policies have sometimes reflected lags between changes in these realities and perception of these changes. A central fact of the past 25 years has been the conviction that the United States was dominant in size and competitiveness in the international economy and that the practices, institutions, and rules governing international trade and payments have been structured to fit that conviction. As a nation we have been slow to realize that basic structural competitive changes have been occurring. As a result, international economic policy responses have been slow.

This is a luxury that can no longer be afforded. Many policies which have been pursued have been conflicting and have been rendered ineffective in terms of our national economic interest. An immediate need, therefore, is to support a mechanism which can foster a stronger American economy insofar as it is affected by the realities of the world marketplace.

In a vastly changing world economy important questions must be asked and answered about the future role of the United States. Much of our thinking about international economic policy has been carried over from another era. As a result, we continue to risk responding with old answers to new questions. The proposed Title I would, we believe, give significant support to overcoming the inertia which could prevent us from shaping the policies needed to meet the international economic realities of this decade and beyond.

TITLE II—EXTENSION OF EXPORT ADMINISTRATION ACT OF 1969

This Title would extend to June 30, 1974, the authority granted to the President under the Export Administration Act of 1969. This Act authorizes the President to regulate exports to the extent necessary to: protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of abnormal foreign demand; further significantly the foreign policy of the United States and fulfill its international responsibilities; and exercise the necessary vigilance over exports from the standpoint of their significance to the national security of the United States.

EXPLANATION OF THE BILL

TITLE I—COUNCIL ON INTERNATIONAL ECONOMIC POLICY

Title I would provide for closer coordination of international economic policies and for emphasis on them vis-a-vis other basic foreign policy components. It further states that it is the purpose of the Act to strengthen our competitive position in world trade, to achieve equilibrium in our balance of payments, to protect and improve earnings on our foreign investments, to achieve freedom of movement of people, goods, capital, information and technology on a reciprocal and worldwide basis, and to increase the employment and real income of our workers and consumers on the basis of our international economic activity.

To facilitate these purposes, Title I would provide for the statutory establishment of a Council on International Economic Policy and to provide that Council with the opportunity to investigate problems with respect to the coordination, implementation and long-range development of international economic policy and to make appropriate findings and recommendations for the purpose of assisting in the development of a rational and orderly international economic policy for the United States.

The Council on International Economic Policy would be created in the Executive Office of the President. Certain members of the Cabinet and other executive branch officials would become statutory members of the Council. Among the statutorily established duties of the Council would be assistance and advice to the President in the preparation of an annual International Economic Report, review of activities and policies of the Federal Government relating to international economics, coordination of policy and programs for coordinating the activities of all the departments and agencies of the United States, assessment of the progress and effectiveness of Federal efforts to carry out a consistent international economic policy, and recommendations to the President for domestic and foreign programs which will promote a more consistent international economic policy on the part of the United States, the several States and private industry.

In view of the constitutionally established powers and responsibilities of the Congress to regulate the foreign commerce of the United States, it is further specified among the duties of the Council that each member designated by this legislation other than the President shall testify before Committees of the Congress on the annual International Economic Report and on reports supplemental to the International Economic Report. Your Committee believes this is essential for an effective partnership between the Congress and the Executive. It is important that the intent or position of the administration on international economic policy, programs, and legislation, prospective and existent, be clearly communicated to the Congress.

The President would be required to transmit to Congress an annual report on the international economic policy position of the United States which would include a description of international economic policy and significant current and foreseeable trends and developments, a review of the international economic program of the Federal Government and of domestic and foreign economic conditions affecting our balance of payments, and the effect of these programs and conditions on the international trade, investment, financial and monetary position of the United States, together with a program for carrying out the purposes stated in section 102.

Title I further provides for a staff, headed by an Executive Director, to support the work of the Council. The staff is expected to number 29 persons. For the purposes of carrying out the provisions of this title, the Committee recommends authorization of appropriations for fiscal year 1973 in the amount of $1.4 million.

TITLE II—EXTENSION OF EXPORT ADMINISTRATION ACT OF 1969

H.R. 15989 as reported amends section 14 of the Export Administration Act of 1969 by extending the authority granted under this Act from August 1, 1972, to June 30, 1974.

In connection with extension of the Export Administration Act of 1969, the Committee on Banking and Currency finds it necessary to more explicitly express its intent with respect to implementation of sections 4(a)(1) and 5(a) of the 1969 Act, dealing with reviews of the unilateral and multilateral commodity control lists, and dealing with consultation among agencies and with affected industries.

Section 4(a)(1) of the 1969 Act provides that "... the Secretary (of Commerce) shall review any list of articles, materials, or supplies, including technical data or other information, the exportation of which from the United States, its territories and possessions, was heretofore prohibited or curtailed with a view to making promptly such changes and revisions in such list as may be necessary or desirable in furtherance of the policy, purposes, and provisions of this Act. . . ." Section 5(a) provides that, "In determining what shall be controlled hereunder, and in determining the extent to which exports shall be limited, any department, agency, or official making these determinations shall seek information and advice from the several executive departments and independent agencies concerned with aspects of our domestic and foreign policies and operations having an important bearing on exports. Consistent with considerations of national security, the President shall from time to time seek information and advice from various segments of private industry in connection with the making of these determinations."

Two and one-half years have passed since this legislation was enacted, yet your Committee finds that the required reviews and revisions have not been made promptly and consultations with industry have left much to be desired.

The testimony received by the Subcommittee on International Trade of the Committee on Banking and Currency indicated that at least 300 commodity categories under unilateral control have no positive justification on the basis of national security, foreign policy, or short supply. The Administration has also confirmed the validity of complaints from American exporters that the multilaterally established list has one effect on them and another, less restrictive, effect on our allies. The result is that competitors in western Europe and Japan are moving quickly to satisfy Eastern European needs for equipment and technology which cannot be obtained from the United States.

This situation stems from, first, a shortage of federal agency manpower and technical expertise regarding the "state of the art" with respect to many products available here and from our allies. Second, there have not been developed sufficient procedures for consultation with domestic producers who know the product, the competition, and the "state of the art," knowledge of which is essential in the first instance for them to maintain their livelihood.

Hence it is the intent of your Committee that there shall be established technical advisory committees, composed of representatives of relevant federal agencies and of relevant producers, for each group of commodities which is subject to export controls because of its significance to national security and which is difficult to evaluate for technical reasons. Such committees should be activated expeditiously, with emphasis on commodity groups for which there is a significant export potential. Each committee should have representatives from producers of the commodities to be reviewed. The consultative reviews should include the commodities under both multilateral control and unilateral control.

Cost of Carrying Out the Bill and Committee Vote

In compliance with clause 7 of rule XIII of the Rules of the House of Representatives, $1.4 million is needed in order to carry out the provisions of this bill for fiscal 1973.

In compliance with clause 27 of rule XI of the Rules of the House of Representatives, the following statement is made relative to the record vote of the motion to report a bill. A total of 23 votes was cast for reporting, a total of 2 votes was cast against reporting the bill, and 1 vote of "present" was cast.

Section-by-Section Summary

TITLE I—THE INTERNATIONAL ECONOMIC POLICY ACT OF 1972

The first title of the bill contains eight sections, relating to the establishment of a Council on International Economic Policy. The sections are as follows:

Section 101.—The short title is "International Economic Policy Act of 1972."

Section 102.—would find that there are many activities undertaken by various departments, agencies and instrumentalities which in the aggregate constitute the international economic policy of the United States and would further find that the objectives of the United States with respect to a sound and purposeful international economic policy can be better accomplished through the closer coordination of domestic, foreign and international economic activities and, in particular, that economic behavior which taken together constitutes United States international economic policy. It would declare that the purpose of this legislation is to establish a Council on International Economic Policy which would provide for 8 procedural and substantive purposes with respect to international economic policy, including provision for a clear top level focus for the full range of international economic policy, including trade, investment, balance of payments and finance as a coherent whole; consistency between domestic and foreign economic policy; and close coordination on international economic policy with other basic foreign policy components. This fact would further indicate that the purpose of Congress is to provide the Council with the opportunity to investigate problems regarding the coordination, implementation, and long-range development of international economic policy, and to make findings and recommendations assisting in the development of a rational and orderly policy.

Section 103.—would establish a Council on International Economic Policy in the Executive Office of the President.

Section 104.—would specify 10 Federal officials as statutory members of the Council.

Section 105.—would specify the duties of the Council.

Section 106.—would require an annual International Economic Report from the President to the Congress, and would specify certain reporting requirements including the identification of significant current and foreseeable trends and developments and a program for carrying out the purposes and policy objectives set forth in section 102.

Section 107.—would provide for an Executive Director and staff for the Council and indicate the duties of the Executive Director.

Section 108.—would authorize appropriations of $1.4 million for fiscal year 1973 to carry out the provisions of the Act.

TITLE II—EXTENSION OF THE EXPORT ADMINISTRATION ACT OF 1969

Section 201.—would provide for extension of the authority granted under the Act from August 1, 1972, to June 30, 1974.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TITLE 5, UNITED STATES CODE

§ 5315. Positions at level IV

Level IV of the Executive Schedule applies to the following positions, for which the annual rate of basic pay is $38,000:

(1) * * *

*   *   *   *   *   *   *

(97) Deputy Director, Council on International Economic Policy.

§ 5316. Positions at level V

Level V of the Executive Schedule applies to the following positions, for which the annual rate of basic pay is $36,000:

(1) * * *

*   *   *   *   *   *   *

(*132*) *Assistant Directors, Council on International Economic Policy* (*2*).

*   *   *   *   *   *   *

SECTION 14 OF THE EXPORT ADMINISTRATION ACT OF 1969

TERMINATION DATE

SEC. 14. The authority granted by this Act terminates on [August 1, 1972] *June 30, 1974*, or upon any prior date which the Congress by concurrent resolution or the President by proclamation may designate.

INDIVIDUAL VIEWS OF HENRY B. GONZALEZ

I do not believe that the Export Control Act should be extended without careful consideration by the House. We had only minimal hearings on this bill, and have not at all had an opportunity to review operations of the program. Thus, the Committee, acting in great haste, has made no effort to find out how the export control program is working, how it might be improved, or what changes might be required in it. Yet there is persuasive evidence that the export control program ought to be reviewed and very likely ought to be modified.

Just a few days ago, for example, the Administration placed controls on the export of cattlehides. While the public seems to have the impression that all exports were being banned, in actual fact, the plans are only to keep exports at about their present level. This is being done, it is said, in order to keep the prices of cattlehides, and hence shoes and other leather goods, from increasing. Closer examination of this argument reveals it as a sham.

The truth is that if the price of cattlehides is reduced by creating an artificial surplus, we can expect the price of meat to increase—something that would have a far greater inflationary impact than would any slight increase in leather goods that might arise from not having export controls on cattlehides.

A very good part of a meat packer's income arises from the sale of byproducts. Studies show that many meatpackers actually sell their beef carcasses at a loss, and make their profit margin from the sale of byproducts like cattlehides. If the value of these byproducts becomes depressed, packers will face losses; they will then either have to lower their production (thus raising meat prices) or bid lower prices on cattle (thus putting beef growers against the wall, who in turn will cut production—and create a shortage of meat). If the meat packers cut their production, we will have an immediate increase in beef prices. If they simply bid lower on their cattle supply, we can expect to have the exact result—higher meat prices—in a few months. Either way, consumers will lose.

The price of cattlehides has gone up in recent months, and in fact has just about doubled. Even so, the impact of this doubling of cattlehide prices has been a little better than a *half dollar on a pair* of shoes. And even though the price of cattlehides has doubled, it is still about the same in constant dollars as it was forty years ago. We have been enjoying very cheap leather for a very long time.

The key point in this example, however, is to bear in mind the relative importance of two factors in the economic life of this country. We can have cheap leather or we can have expensive meat—and we cannot have it both ways. I believe that controlling the export of leather will probably restore unrealistically cheap leather prices—but it will also increase meat prices. Between the two, it is clear that Americans will spend far more on beef than on leather, so that anything raising meat prices will have a far greater impact than anything affecting leather prices. If we are going to have to choose, I believe that the sane thing to do would be to forget about controlling cattlehide exports altogether, so that beef production can be encouraged, hopefully enough to stabilize retail meat prices.

Cases of this kind cry out for review, but we have had none.

Yet this is a case that Congress has seen before. We have been through an export control program in cattlehides before, in 1966. That program failed, by all accounts. It was inequitable, it was unworkable, and it failed. Congress itself took the initiative to kill that operation. Yet here within the past few days we see a revival of this same kind of export control program. Will we have to kill it again? I think that we should save ourselves the trouble, and by virtue of plain common sense and historical precedent, recognize that cattlehide export controls may have some fleeting political importance, but that in the long run, will only bring great and lasting harm upon our economy.

I will offer an amendment to delete from this bill the authority to regulate exports of cattlehides. If this bill had been through the rigorous kind of review it should have had, no such amendment would be necessary. I am reluctant to take the time of the House for such an amendment, particularly since the law this bill would extend will have already expired by the time we act. Yet knowing that export controls on this item in the past has led the country to grief, I feel compelled to offer my amendment, and hope that it will be accepted—the alternative, I fear, being that the people of this country will end up paying more for meat than they are now.

Henry B. Gonzalez, M.C.

ADDITIONAL VIEWS OF MR. HANNA

I strongly support the intent of the Committee expressed with respect to title II. While the American balance of payments deficit grows daily, our export controls continue to discourage American businessmen from competing for business in Eastern Europe, the fastest growing market in the world. It is clear that a system of controls over exports to the communist countries must be maintained in the interest of the United States national security. However, it is equally clear that the administration of these controls does not reflect the political, economic, and technological interest of the United States. Consistent with United States national security changes can, and should, be made in the application of the Export Administration Act of 1969 which will free American businessmen of unnecessary bureaucratic restrictions.

United States industry has available technical and commercial expertise necessary to enable the United States to formulate and maintain an effective export control system. This valuable asset has been largely ignored. Joint industry-Government technical advisory committees should be formed quickly to avoid further loses in our balance of payments.

Finally, the United States too long has ignored inequities in the administration of Cocom controls. Cocom controls must be applied uniformally to all parties. This requires a thorough examination of Cocom policies.

RICHARD T. HANNA.

SUPPLEMENTAL VIEWS OF CONGRESSMAN BLACKBURN, AND ROUSSELOT

We are strong supporters of an aggressive, sensible and well-coordinated export program for the United States. We are convinced that American businessmen can compete effectively in many world markets with the proper support and encouragement from the government. We know that a favorable balance of payents is advantageous to our country and our citizens. Thus, we have consistently supported legislation to achieve these goals.

At the same time, we are concerned with the efficient operation of our Federal government, and are not convinced of the need for the interagency advisory council authorized by this legislation. For this reason, Mr. Blackburn voted "present" and Mr. Rousselot voted "nay" on the motion to report this bill favorably to the House.

During the hearings on this legislation on May 31, 1972, Mr. Blackburn questioned Mr. Frank C. Carlucci, Associate Director of the Office of Management and Budget about the number of interagency advisory committees in existence. The answer was that while this Administration has tried to reduce the number from some 800 which they inherited there are still some 650 left.

Let us point out that each of these councils requires its own little bureaucracy, complete with staff equipment, office space, etc. Noble as their objectives are, we question first how effective they are and secondly whether or not their objectives might not be better achieved through other mechanisms. For example, might it not be more effective and less costly to assign the duties set forth in Section 105 of H.R. 15989 to the Council of Economic Advisors or the Joint Economic Committee of the Congress. After all, domestic economic policies and international economic policies are interdependent and inextricably intertwined.

We think it is important that Congress should explore these kinds of alternatives here in Congress before establishing new councils and agencies which tend to be self perpetuating. If such explorations are effective, we can save money for the taxpayers and time for ourselves. Do you realize that if a member of Congress was to read the annual report of each of these present 650 interagency councils—and surely each one must put out some kind of report—the result would be you would have to read nearly three reports a day every working day of the year. We might continue that little mental exercise by asking ourselves how many we are reading now.

During the Committee's deliberations on this bill, an amendment was offered by Rep. Gonzalez to prohibit the exercise of export control authority over cattle hides. We supported that amendment which was offered by Rep. Gonzalez to prohibit the exercise of export control on July 15th. We question the wisdom of this kind of interference with free market forces. The following editorial commentary from the July 24th issue of *Barrons* provides an insight on the situation worth sharing with our colleagues who may be called upon to vote on this amendment when H.R. 15989 comes to the floor.

BEN B. BLACKBURN.
JOHN H. ROUSSELOT.

EDITORIAL COMMENTARY—OLD SKIN GAME

THAT'S WHAT EXPORT CONTROLS ON CATTLEHIDES AMOUNT TO

The commodities section of The Wall Street Journal rarely furnishes grist for our editorial mill, but last Wednesday, on page 22, it was stop-the-press time. There, under the heading "Price Trends of Tomorrow's Meals and Manufactures," appeared this dispatch. "The raw hide market is in a compelte state of 'chaos' following the Commerce Department curb on exports issued over the weekend, dealers said. 'It is a complex order and there is a considerable amount of uncertainty about operating under the new program,' a hide handler in Chicago said. As a result, buyers and sellers are marking time awaiting clarification and business is at a standstill.

"Dealers said the price for light native cow hides, a key grade, yesterday was nominal at 33 cents a pound, the 13-year high paid prior to issuance of the order. Also, last week the average price for raw hides was a record 29¾ cents a pound.

"A couple of small revisions in the original order have already been made, an industry source said, but this action didn't help. . . ."

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In the overview of those whose sights are set on a generation of peace and prosperity, in the global scheme of things, what happens to a handful of exporters, meat packers and renderers probably doesn't mean very much. Whether by accident or design, the press conference called by Secretary of Commerce Peter G. Peterson to announce and explain the action took place on Saturday, July 15, when the first-string Washington correspondents were still straggling back from the Democratic Convention in Miami, and (despite a nice spread in The Washington Post) the story was apt to be buried. In any case, as Secretary Peterson made perfectly clear, the industry's economic interests run a poor second to those of all Americans, regardless of race, color or creed, who don't walk around barefoot. "Higher prices (for cattlehides) and shorter supplies result in higher prices for leather products, principally leather shoes. Not to make light of a serious matter, these . . . come out of the U.S. consumer's hide." Hence Commerce's decision to impose export quotas, thereby at one stroke increasing the domestic availability of a critically short raw material and clamping a price lid on politically sensitive finished goods.

As the numbers suggest, the ratio of risk (largely confined to a few in the trade) to reward (from a grateful electorate) must impress anyone aspiring to high office. Like butchers, meat packers aren't terribly popular, and who is going to rally round a renderer? Yet before their carcasses, so to speak, are dragged away, while the issues are still fresh, somebody should take up the cudgels in their behalf. Risk-reward ratios aside, what Commerce has just done is wrong on several counts. For one thing, as authority for its sweeping move, the Department (as in 1966, under Secretary John T. Connor) has relied on export control legislation which, perhaps because its thrust is toward the national defense, makes no provision for the customary procedural constraints and safeguards. Export quotas were decreed 10 days ago without prior notice to interested parties or proper public hearings. Despite officialdom's pious hopes, moreover, such curbs are unlikely to reduce the cost of a pair of shoes by much more than a thin dime, if at all, while lowering the boom on a source of badly needed foreign exchange. Finally, like most intrusions by government into the economic realm, they constitute an effort to redistribute income better suited to Senator George S. McGovern (D., S.D.) and his followers than to so-called Republicans. "As one who favors free and open markets," Secretary Peterson had the grace to say, "I, myself, regret the necessity of controls. . . ." But in an election year, anything—even the old skin game—goes.

Not that the powers-that-be lacked excuse. Since the freeze last fall, cattle-hide prices (a composite of the three main types), under the influence of heavy demand for leather, at home and abroad, have shot up from 14 cents per pound to nearly 30 cents. For reasons of their own, two sizable producers, Argentina and Brazil, have placed an embargo on overseas sales, thus cutting off over 10% of total world supply. U.S. inventories are low and Commerce officials, after canvassing the trade, from cattlemen to shoemakers, recently reached the conclusion that in 1972 the shortage at home would exceed 1.5 million pieces (out of total U.S. production of perhaps 39 million and exports of roughly 16.5 million).

Effective at 12:01 a.m. July 16, the Department fixed quotas for the rest of 1972 at 8.1 million, the same as in 1971. In future all hides approved for export must carry "tickets," the value of which presumably will reflect the differential between prices on the world and U.S. markets. These may be sold to exporters by meat packers and renderers, who, instead of pocketing the proceeds, must return them in some fashion to either the cattleman or consumer. As usual, the Internal Revenue Service will be keeping an eye on all hands.

At the press conference, officials took pains to underscore the differences between their controls and those imposed six years ago, when export quotas were set well below prevailing levels and "hides rotted in warehouses." That's fair enough. On the other hand, there are ugly similarities, notably the reliance by Democrats and Republicans alike upon the Export Administration Act (known in 1966 as the Export Control Act). Under the statute, restrictions may be imposed only when necessary "to protect the domestic economy from the excessive drain of scarce materials and to reduce the serious inflationary impact of abnormal foreign demand," yardsticks which, as will be seen, the Department in this case had to bend to the breaking point. On both occasions, moreover, the Act served to justify what can only be called high-handedness. Six years ago the Secretary of Commerce decreed export quotas first and held public hearings afterward. His temerity was rebuked a few months later by Congress, which refused to appropriate

funds for their enforcement. This time Commerce, while exchanging views with some in the trade, briefing others and dispatching a fact-finding mission to Argentina and Brazil, also by-passed public hearings. Small wonder that its abrupt announcement 10 days ago triggered a state of "chaos" and brought business screeching to a halt.

When the dust will settle remains to be seen—as The Journal noted, Commerce already has made two "minor revisions in the original order." What seems reasonably clear is that the program will have little impact on the price of shoes. On this score, according to Rep. William J. Scherle (R., Iowa), who knows the cattle business, 95% consists of retail markup, cost of manufacturing and tanning; only 5% goes for the raw hide. In 1966, interestingly, export quotas on cattlehides were accompanied by an 8% increase in retail tabs for footwear. While under Phase Two history may not repeat, most officials look for exceedingly modest savings, measured, as one said candidly, not in dollars per pair but in cents. That scarcely adds up to the statutory "serious inflationary impact of abnormal foreign demand."

While the gains are thus largely illusory, the costs involved are real. One thing bound to suffer is the U.S. trade balance, to which a steadily rising volume of cattlehide exports last year contributed over $200 million, and, in the absence of restraints, this year would have done still better. Another casualty is freedom of entry into the production and sale of hides, activities which henceforth will be strictly policed and licensed. (Newcomers, offered one official tentatively, may be able to sneak in under a hardship clause.) Perhaps most distressing are the provisions for the recapture of "windfall" profits. Here, too, Secretary Peterson et al. drew a flattering contrast with the past. Last time, they said, either the domestic exporter or foreign buyer got the break. This time it will flow through to the long-suffering public. Maybe and maybe not—nobody seems to know just how the scheme will work. However, unless world prices continue to advance, there will be no "windfall." If instead domestic prices drop, the value of the "tickets" will come right out of the renderers' and packers' hide.

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Whatever their corporate image, both groups boast a measure of clout on Capitol Hill. The Export Administration Act happens to expire next month, and bills to extend it are making their stately way through House and Senate. Some lawmakers, so Barron's has learned, aim to add an amendment barring quotas on cattlehides. As 1966, others are seeking to add those procedural safeguards now so sadly lacking. The industry may be trying to protect its own skin, but it is fighting the good fight.

ROBERT M. BLEIBERG.

ADDITIONAL VIEWS OF CONGRESSMAN CHALMERS WYLIE ON H.R. 15989

The purpose of this bill in Title I is to provide a statutory mechanism to coordinate the functions and policies of the many varied departments and agencies of the Federal government that engage in making and implementing the international economic policy of the United States. Title II covers a different but somewhat related area by extending the President's authority to control exports under the Export Administration Act of 1962 from August 1, 1972 when it expires, to June 30, 1974.

I would be the first to agree that there is a continuing need to give the Administration statutory authority to control exports in the light of national security, foreign policy, and domestic economic considerations. The provisions of the Export Administration Act are quite adequate to accomplish these ends. Present law contains all the flexibility that is required to enable the Administration to pursue an important east west trade expansion policy without endangering vital security interests of the United States. The extention of this regulatory authority till June 30, 1974 is quite in order in light of the President's recent trips to the People's Republic of China and the Union of Soviet Socialist Republics.

Notwithstanding the above, I voted against reporting this bill in the executive session of the Committee on Banking and Currency. I did so because I believe that it is time to call a halt to the continual addition of advisory programs that add a million dollars here or a couple of million dollars there to federal expenditures.

This bill authorizes $1,400,000 for fiscal 1973 to fund the Council on International Economic Policy which was administratively established by the President in January of 1971 to advise him on international economic policy and related matters. In addition to authorizing funds, it also establishes a statutory basis for the present Council and codifies its functions and personnel structure.

I will concede that there may, in fact, be a need for the Council and that is why it was established. It has been functioning for a year and a half and funded out of monies already available to the Executive Branch for such purposes. If this be the case, why is the authorization and authority contained in Title I even needed? Why not let well enough alone and allow the Council to continue functioning in its present manner at the pleasure of the President. Since foreign and domestic economics are so closely intertwined these days, another suggestion would be for the Council of Economic Advisors, which is already authorized by law, to assume the functions of the Council on Economic Policy and coordinate both aspects of these related economic activities. In this regard, I would like to commend my Colleagues Messrs. Blackburn and Rousselot for also suggesting in their Supplemental Views, that the Council of Economic Advisors assume functions set out in Section 105 of Title I.

Title I constitutes unnecessary legislation whose only end result will be the imposition of another $1,400,000 to the federal deficit, and the creation of one more statutory bureaucracy.

CHALMERS P. WYLIE.

ADDITIONAL VIEWS OF CONGRESSMAN ROUSSELOT

I concur in the views expressed by Congressman Blackburn and have joined him in them. As we have jointly stated Congress does have a responsibility to seek out the most effective and economic means of developing and implementing a well coordinated foreign trade policy. What disturbs me is the feeling that we have relied too heavily on the recommendations of the Executive Branch for achieving this admittedly worthwhile objective and devoted too little effort to the consideration to effective alternatives.

Let me note that I wholeheartedly support the President's objectives of restructuring the Executive Branch to make it more responsive to the nation's needs and the public demands. And especially to reduce its size. However, I think it is self evident that we who constitute the Congress have sufficient exposure to the functions, and malfunctions, of the Executive Branch that we can and should offer constructive suggestions where we feel we can improve on his recommendations.

It is in this spirit that I urge serious consideration of the recommendations to place the responsibilities spelled out in Sec. 105 of H.R. 15989 with the Council of Economic Advisors instead of creating a new Council on International Economic Policy. There is absolutely no doubt that our domestic economic policies and our international economic policies are interdependent and interrelated. They cannot be separated. If proof of this is needed just let me call your attention to the fact that the Council of Economic Advisors is already deeply involved with considerations of the relationships between the two.

For example the Annual Report of the Council of Economic Advisors submitted in January of this year contains five chapters, the fifth being entitled "The United States and The World Economy". I list below the subheadings within that chapter.

Chapter 5. The United States and The World Economy.
- The Recognition of Disequilibrium
- Reactions to the U.S. Deficit
- August 15
- Balance of Payments Analysis
  - Balance on Goods, Services, and Remittances
  - Cyclically Adjusted Balances
  - The Capital Accounts
  - Balance on Current Account and Long-Term Capital
  - The Size of the Required Correction
- Developments After August 15
  - Alternative Routes to Realignment
  - Realignment Through Floating

I am the first to admit that these do not cover all subjects enumerated in Sec. 105 which we consider important to the development of the kind of foreign economic policy we consider desirable. On the other hand it demonstrates most effectively that the existing C.E.A. is already deeply involved with questions of foreign economic policy. My question is, "Why create a new and different council to duplicate this work?" My conviction is that had our Committee taken enough time to explore alternative means of developing a workable foreign economic policy it would have recommended without hesitation that the responsibility be vested in the existing Council of Economic Advisors. To have done so would have been more efficient and economical.

JOHN H. ROUSSELOT.

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92D CONGRESS } HOUSE OF REPRESENTATIVES { REPT. 1260
2d Session } { Part II

PART II

INTERNATIONAL ECONOMIC POLICY ACT OF 1972

AUGUST 3, 1972.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PATMAN, from the Committee on Banking and Currency, submitted the following

SUPPLEMENTAL REPORT

[To accompany H.R. 15989]

83-006

ADDITIONAL VIEWS OF HON. THOMAS M. REES

The Banking and Currency Committee considered an amendment to the export control title of the bill which would declare it to be "the policy of the United States to use export controls to oppose the denial by any country of the rights of its Jewish and other citizens to free emigration and the free exercise of religion."

While the amendment was aimed at preventing the persecution of Soviet Jews, the amendment's latitude was broader than this specific case and could complicate and adversely affect our trading relations with many other nations. Although the Committee was sympathetic to the plight of the Soviet Jews, it felt that the amendment in question might not be the best approach to the resolution of the problem at this time.

In recent action Congress has already expressed its concern over the situation in the Soviet Union in regard to its Jewish minority. On April 17, 1972, the House passed by a vote of 360 to 2, H. Con. Res. 471, declaring it to be the sense of Congress "that the President of the United States of America shall take immediate and determined steps to: (1) call upon the Soviet Government to permit the free expression of ideas and exercise of religion by all its citizens in accordance with the Soviet Constitution; and (2) utilize formal and informal contacts with Soviet officials in an effort to secure an end to discrimination against religious minorities; and (3) request of the Soviet Government that it permit its citizens the right to emigrate from the Soviet Union to the countries of their choice as affirmed by the United Nations Declaration of Human Rights; and (4) raise in the General Assembly of the United Nations the issue of the Soviet Union's transgression of the Declaration of Human Rights, particularly against Soviet Jews and other minorities."

In the Export Administration Act, Section 3(2)(B), it is declared that the "policy of the United States is to use export controls to the extent necessary to further significantly the foreign policy of the United States and to fulfill its international responsibilities." H. Con. Res. 471 is a clear congressional declaration of purpose, and, in light of the policy declaration in the Export Administration Act that export controls be used to further U.S. foreign policy, I urge that the Administration, in enforcing the Export Administration Act, would heed the strong congressional declaration in regard to discrimination against Soviet Jews.

With the current trade negotiations now in progress between the United States and the Soviet Union, it was felt that a flexible approach was necessary and that specific statutory prohibitions in the Export Administration Act could be counter productive in our present efforts to alleviate the plight of Soviet Jews.

It is my hope that the United States trade negotiators now dealing with the Soviet Union will keep in mind our Government's expressed concern for Soviet Jews; I hope that the question of Soviet Jews will be raised in these trade negotiations, with the understanding that the resolution of the problem will improve relations between our countries and remove existing obstacles in our trade policies.

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