OUR MONEY AND TRADE PATTERNS ARE LEADING US INTO INTERNATIONAL SOCIALISM

by Senator George Malone of Nevada

Congress, alone, can put an end to our ruinous trade practices

WE ARE dividing our cash and our markets, inflating our money, and pricing our products not only beyond our domestic ability to buy, but out of every market in the world.

The entire pattern (from the abandonment of the gold standard in 1933, the passage of the Trade Agreements Act in 1934, the transfer to Geneva in 1947 of the Constitutional responsibility of Congress to regulate our foreign trade, and the inception of the four corporations to encourage American capital to invest in foreign, low-wage standard nations—the Mutual Security give away program) is to distribute American markets and dollars among the lower wage and living standard European and Asiatic nations.

It all adds up to international socialism in its worst form. The United States is the only producing nation in the world today that does not protect its own workingmen and investors by a duty or tariff, by import and exchange permits, or both. Thirty-four foreign, competitive nations are sitting in Geneva, Switzerland, regulating our foreign trade through multilateral trade agreements under the auspices of the General Agreement on Tariffs and Trade.

This distribution of our foreign trade between such foreign competitive nations is being carried on under the 1934 Trade Agreements Act (so-called reciprocal trade), and now subject to death if Congress refuses to extend it.

Under this act, more than 30 billion dollars of American capital has been invested in such foreign low-wage standard of living nations to compete with American labor and investors in the textile, livestock, mining, crockery, glass, precision instrument, machine tool, chemical and electro-chemical, and several hundred other fields. Congress can retain its Constitutional responsibility to regulate foreign trade and the national economy through allowing the 1934 Trade Agreements Act to expire in June, 1958. The contest is between the American workingman and investors working for American wages and paying American taxes, as opposed to the international investor paying the foreign low-standard of living wages and no American taxes!

The Congress can *stop* inflation and return to honest money through a reorganization of the Federal Reserve System.

A strong nation has always led in establishing a *sound* currency. We should no longer retain our "managed" dollar currency.

WE HAVE stored in various depositories in this country, including Fort Knox, $22,406,000,000 in gold, but a statement from the Treasury tells me that $16,200,000,000 of dollar credits are now *owned* by foreign nations and individuals, and that it is customary to "honor" these dollar credits of foreign nations in our gold when presented for payment.

The individually owned foreign dollar credits can be, therefore, *at any time* converted to foreign nation owned credits—and thereby quickly and suddenly subject to redemption in U.S. gold payments. If all foreign dollar credits today were honored by gold payments in the customary manner, we would then have only $6.2 billion of U.S. gold left in the U.S. Treasury to back the $27.4 billion of outstanding U.S. paper currency, which is not up to the Congressionally required 25 percent by law.

On April 1, 1957, I introduced Senate Bill 1775 which provides in part: "That notwithstanding any other provision of law, gold in any form, mined subsequent to the enactment of this act, within the United States, its territories, and possessions may be melted, smelted, concentrated, or otherwise treated so as to prepare it to be sold, or held and stored as is, or has been customary with gold, and it may be bought, held, sold, or traded *upon the open market within the United States*, its territories, and possessions for any purpose whatsoever without the requirement of licenses and it may be exported without the imposition of duties, excise taxes, the requirement of licenses, permits, or any restrictions whatsoever."

Then on April 16th I introduced Senate Bill 1897 which provides in part: "All money of the United States, including money issued by banks, shall be maintained on a parity with the standard gold dollar by freedom of exchange at its value with standard gold bullion or coin at the United States Treasury."

CONGRESS is our legislative body. It cannot shift the responsibility. The Constitution distributes the powers among the three branches of government and *it is no defense for senators and congressmen to say that the President recommends specific legislation* or that propaganda has wrongly influenced public opinion. Legislative decisions are theirs alone to make!

The *Export-Import Bank* was established on February 12, 1934. It is completely financed by the American taxpayers, who are obligated by Congressional action to finance individuals and corporations up to $5 billion to build plants and operate mines in foreign nations—with their sweatshop labor—and to import such goods into this nation, in direct competition with American workingmen and investors. This organization is now asking for an additional $2 billion for that purpose.

The *International Bank for Reconstruction and Development* was established on July 31, 1945 and the American taxpayers are obligated for $3.15 billion to finance foreign nations to build plants and mines to be operated by low-wage labor and import their goods into this country.

The *International Monetary Fund* was established on August 11, 1945, and Congress has obligated the taxpayers of the nation for $2,750 billion for the same purpose of financing foreign operations, using cheap foreign labor, and importing the goods into the United States.

The *International Finance Corporation* was established on August 11, 1955, and the Congress has obligated the taxpayers to the amount of $35,168,000 for the purpose of financing foreign operations and production with cheap labor and then importing the goods into this nation under the free import policy.

It will be noted that the Export-Import Bank was established in the same year that the 1934 Trade Agreements Act, the free import act, was passed by Congress; that the International Bank for Reconstruction and Development was established in 1945; that the International Monetary Fund was established in 1945; and that the only new organization to finance foreign production is the International Finance Corporation, established in 1955.

The pincers movement, including five methods of disbursing the wealth and the markets of the

United States throughout the world, is an important part of the grandiose, international socialist scheme to make the economic system of this Republic a part of the nations of old Europe and Asia, and again to join us to the interminable trade wars of old Europe.

THIS pincers movement—to control and destroy the free American economic system—includes these five major operations:

First. In 1933, we followed England off the gold standard and immediately priced ourselves out of the world markets, through inflation.

Second. In 1934, Congress transferred its Constitutional responsibility to regulate foreign trade through the adjustment of the duties, which we call tariffs, to the executive branch, with the full right to sacrifice and destroy all or any part of any industry in this nation, if it were judged by him that his foreign policy of securing agreements and treaties with foreign nations would thus be furthered. Free imports—trade—will inevitably be tied to free immigration and the free movements of goods and people throughout the world.

Third. In 1947, the Executive did transfer that Constitutional responsibility of Congress to regulate foreign trade, through the adjustment of such duties or tariffs, to Geneva, Switzerland, into the complete power of competitive foreign nations, under the auspices of the General Agreement on Tariffs and Trade—GATT—which he caused to be set up under the 1934 Trade Agreements Act as extended to June of 1958.

Under this act, 36 foreign competitive nations have proceeded to divide the American markets among themselves, through multilateral trade agreements over which the Congress has no control whatever.

Fourth. In 1946, following World War II, the Congress started the worldwide distribution of American taxpayers' money, through the three and three-fourths billion dollar gift-loan to England. This gift-loan was immediately followed by the so-called Marshall plan of $17 billion for five years—and now must be a permanent annual drain on the American taxpayer, according to the testimony of our Secretary of State. We have poured more than $70 billion of the taxpayers' money into Europe and Asia to build production facilities to compete with our own American workingmen and investors. We have built up their dollar balances to claim our gold reserves.

Fifth. Our tax dollars are going into four organizations for the sole purpose of financing foreign nations and American corporations and individuals in the construction of manufacturing and processing plants, including mining operations. Those financed utilize the cheap foreign labor and import the products into this nation to compete with American labor and investors.

So far as I am concerned, if five other senators will stand with me on this issue, Free Trade Bill, no vote will be taken on the bill. If the bill is killed, then the lumber business, the machine tool business, the precision instrument business, and 5,000 other American businesses will begin to revive; because when the bill is killed American businesses will again have something to say about the American market.

As the situation now stands, today the American market is not controlled by Americans. Instead, the representatives of 37 other nations, sitting in Geneva, laugh at us while they divide the American market among their own countries. At this time the administration wishes to have authority for an additional five years to permit those 37 foreign nations to continue to divide the American market more and more profitably for foreigners and foreign-based industries.

I believe we can entirely kill the bill, because at last the people of the United States are waking up to the true situation.

The people of the country were slow to wake up; they were slow to realize just what the Congress has done to them in the last 24 years, beginning in 1933, when the country went off the gold standard. Since then, no one has tried to prevent inflation in the United States. No attempt to prevent inflation was made under either the Roosevelt or the Truman administration, and no attempt to prevent inflation is being made today, during the Eisenhower administration.

We need a full and frank disclosure of the prospective financial commitments of the United States to India. There are strong indications that current loan negotiations may well have the effect of obligating us, over and above the initial advances, to substantial but uncertain amounts in supplemental credits *over an uncertain period of years*. The public deserves to know the full extent to which we may be tied to India's economic programs—plans which seem to be both unstable and unrealistic. It is my understanding that present negotiations involve approximately $227 million in credits from the Export-Import Bank and the development loan fund and $65 million in surplus agricultural commodities.

—CONGRESSMAN BURR P. HARRISON
of Virginia

How To Stop Paying Taxes

by Willis E. Stone

The Dan Smoot radio broadcasts have joined those of Fulton Lewis in becoming allied with The American Mercury*—at least to the extent that subversive forces in our Republic are aiming at keeping all three of us from getting our facts and philosophies to patriotic citizens. How few men and women in our land were able to listen to the following questions and answers, through the radio stations that carried them, we have no way of knowing. But here are the questions Mr. Smoot asked Mr. Willis E. Stone, President of The American Progress Foundation of Los Angeles, so that* Mercury *Readers, at least, will have them.—Ed.*

Mr. Smoot: This study of yours is really one of the most startling things I've ever seen. Based on a review of the 1954 budget and of the 1954 fiscal operations of the federal government, it reveals that, if the government had stayed within the constitutional limits of its power . . . had operated constitutionally in 1954, according to your calculations, it could have got by without collecting one penny of personal income tax, and could have come out in the black $674 million?

Mr. Stone: That is right. This is quite a story. The Government of the United States is operating over 500 federal corporations. None of these has any constitutional authority for existence at all.

Mr. Smoot: That sounds like the corporate state that Mussolini set up in Fascist Italy.

Mr. Stone: It is very close to it. These federal corporations have taken over 40 percent of the land area and 20 percent of the industrial capacity of the United States. In their operations, they go into red ink on such a gigantic scale that to pay their losses and their hidden costs, almost everyone of them collects taxes, or uses tax dollars provided by individuals. That is