

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM

# Office Correspondence

Date January 9, 1947

To Chairman Eccles

Subject: Export controls

From Mr. Knapp 

On December 14, 1946, Mr. John R. Steelman, Assistant to the President, addressed a letter to General Philip B. Fleming, Administrator of the Office of Temporary Controls, stating the Government's policy with respect to export control and the provision of priorities for exported goods.

The letter notes that in recent months fundamental shortages at home and abroad have been relieved to a considerable extent but points out that complete removal of export controls at this time would tend either to aggravate the remaining shortages, to cause new shortages, or to cause great pressure on domestic prices. It therefore announces that for the next few months, or for so long as there is no fundamental change in present supply conditions, it will be the policy of this Government to maintain export controls where the absence of control would result in an undue drain on domestic supplies or unreasonable price increases, or where control is necessary to implement international agreements. It calls attention to the fact that the present legislation authorizing export control expires on June 30, 1947, and announces the intention to request an extension of this period by Congress.

It also states that Congress will be asked to continue authority for the exercise of priorities powers in support of exports. This power, which has been exercised very sparingly indeed in recent months, is due to expire on March 31, 1947.

Mr. Steelman's letter makes the following general statement in support of the maintenance of export control and export priorities:

"The United States, as an integral part of its non-partisan foreign policy, has undertaken certain responsibilities in the field of international supply. These responsibilities include supply of minimum quantities of materials necessary to prevent serious injury to the minimum essential economies of friendly foreign countries, the discharge of specific commitments made to our war-devastated allies in the recent war, and for other reasons of high public policy. It is imperative, if the United States is to continue to be a responsible member of the family of nations, that these responsibilities be faithfully discharged."