Communist Bloc May Escape Impact of Surcharge

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WARSAW, Aug. 18 — The 10 per cent surcharge on imports ordered by President Nixon in his economic package may bypass the Communist nations of Eastern Europe through an irony of Cold War legislation.

Mr. Nixon acted under the 1962 Trade Expansion Act, one of whose aims was "to combat Soviet trade expansion," according to a published Government explanation at the time.

That act gave the President authority to offer concessions on a "most-favored-nation" basis, thus including most of America's allies and excluding much of the Soviet bloc.

Rollback of Concessions

Experts here say that the new 10 per cent surcharge is not so much an additional levy as it is a rollback of the earlier concessions. Eastern Europe remains largely unaffected, therefore.

Only Poland of the Communist nations allied closely to the Soviet Union has "most-favored-nation" status, but even here it appears that the surcharges will have little effect.

According to regulations, "all dutiable imports not subject to quantitative limitations" will be subject to the surcharge. Canned hams, which are Poland's major export, are subject to such limitations, and thus exempt.

Polish exports to the United States last year totaled $98 million according to Polish statistics, of which $50 million represented agricultural products, including $33-million in canned hams and $7.6 million in other canned meats.

Textiles Are Excluded

Textiles, another major Polish export, are also excluded from the surcharge.

Few officials here seem to have any clear idea of the impact, or lack of impact, that Mr. Nixon's economic and monetary moves will have on Poland or Eastern Europe.

A Polish foreign trade official was quoted on Warsaw television last night as saying that the changes could have "rather unfavorable results" for Polish exports. He said the United States represented 10 per cent of Poland's trade with Western nations.

The first reactions have been political and ideological, with newspapers asserting that the Nixon moves represent evidence of flaws in the capitalist system.

Struggle Is Predicted

Some commentators in the state-controlled press are predicting a new stage in the struggle for influence among non-Communist nations.

Interpretation has been detailed and thorough, however, with Trybuna Ludu, the Communist party newspaper, even devoting space to a lengthy explanation of the 1944 Bretton Woods conference, which fixed the dollar and gold standard by which non-Communist nations set their currency exchange rates.

The desirability of the dollar seemed to remain undiminished in Warsaw, meanwhile, with no changes noted in transactions between tourists and official exchange offices.

An Austrian arriving at Warsaw Airport sought to convince a young woman at the duty-free counter that shillings were fetching a better price in Vienna than the official rate, but she remained indifferent to his attempt to benefit by the change in Warsaw.

Czechs Still Like Dollars

At the Czechoslovak Consulate, officials continued to demand dollars from Westerners, including a large group of Italians, for payment of visa fees. Hotels continued to exchange travelers checks at official rates.

One young Pole said, "If I was a bank manager here today I would accept all the dollars I could. The dollar won't change much, if at all, and it's still the most useful currency around."

But Zycie Warszawy, a popular Warsaw newspaper, said, "the decisions announced by President Nixon mean damage to one of the basic cogs in the mechanism of the operation of the contemporary capitalist system."

It said the dollar's convertability into gold at a fixed rate had made it equal to gold as a reserve currency for western countries. It said President Nixon's move to end this convertability meant, however, that "now each capitalist country has only its own interests in view."

The other currencies were in the same boat, the newspaper said, but the United States, seeing the boat was filling with water, "has decided to save the dollar at the cost of the other partners."

What is at stake, it said, is an attempt not only to save the American economy from inflation and large-scale recession but to save "one of the basic instruments with which the United States exerts its influence on the Western world."

Zycie Warszawy described the Nixon moves as an indirect attempt to force other nations to revalue their currencies. It predicted considerable shifts in the financial and economic balance of forces in the Western world.

Trybuna Ludu described the sense of shock felt in Bonn at the monetary moves, especially in terms of the threat to West German exports and prolongation of Bonn's own monetary crisis.

The paper said Mr. Nixon's decision was only a half measure, neither solving the basic problems nor creating positive premises.

In explaining the Bretton Woods conference, Trybuna Ludu said the recent uncertainty of the exchange rate of the dollar had undermined the entire monetary mechanism created at the postwar meeting, namely the role accorded the dollar as a standard of value for other currencies.

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