

TRADE EXPANSION ACT OF 1962

1575-3

HEARINGS
BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
EIGHTY-SEVENTH CONGRESS
SECOND SESSION
ON
H.R. 11970

AN ACT TO PROMOTE THE GENERAL WELFARE, FOREIGN
POLICY, AND SECURITY OF THE UNITED STATES THROUGH
INTERNATIONAL TRADE AGREEMENTS AND THROUGH
ADJUSTMENT ASSISTANCE TO DOMESTIC INDUSTRY,
AGRICULTURE, AND LABOR, AND FOR OTHER PURPOSES

JULY 23, 24, 25, AND 26, 1962

PART 1

Printed for the use of the Committee on Finance



87270

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CONTENTS

	Page
Brief analysis of the Trade Expansion Act as passed by the House.....	1
Text of H.R. 11970.....	2
Departmental reports:	
Department of Defense.....	25
Small Business Administration.....	25

WITNESSES

Adams, Francis A., Stuart, Fla.....	493
Bell, Mrs. Allison, American Association of University Women.....	393
Brightman, Robert L., president, National Council of American Im- porters, Inc.....	345
Brinkley, Homer L., executive vice president, National Council of Farm Cooperatives.....	435
Briscoe, Mrs. John D., member, board of directors, League of Women Voters of the United States.....	383
Eppert, Ray R., Greater Detroit Board of Commerce.....	484
Ferwerda, Vernon L., National Council of the Churches of Christ in the U.S.A.....	466
Frase, Robert W., director of the Washington office, American Book Publishers Council, and American Textbook Publishers Institute.....	390
Gilbert, Carl J., chairman, Committee for a National Trade Policy.....	315
Graubard, Seymour, counsel of the American Institute for Imported Steel, Inc.....	505
Hodges, Hon. Luther M., Secretary of Commerce, accompanied by Jack N. Behrman, Assistant Secretary of Commerce for International Affairs; Peter T. Jones, Deputy Assistant Secretary of Commerce for Trade Policy; and Dean B. Lewis, Assistant General Counsel, International Affairs.....	30
Additional information and exhibits submitted by Secretary Hodges:	
Access of Hawaiian coffee to the European Economic Community....	161
Additional presidential powers under H.R. 11970 as compared with the past trade agreements legislation.....	235
Categories in which the United States and the European Economic Community plus five possible additional members supplied 80 per- cent or more of free world exports in 1960.....	44
Comparison of EEC and U.S. average duty rates on imports.....	79
Comparison of TRA with State U.I. for average worker adversely affected by imports.....	73
Credit sales of agricultural commodities, value by commodity, calendar year, 1960.....	147
Definitions of balance of trade and balance of payments.....	172
Domestic exports, quantity and value by specific countries of their principal agricultural products, 1960.....	87
Employee earnings and supplementary benefits, United States and abroad.....	59
Example of how a firm may obtain trade adjustment assistance under H.R. 11970.....	71
Example of how a worker gets assistance under the trade bill (H.R. 11970).....	77
Explanation of the carryback provision in section 317.....	189
Explanation why United States issues its import statistics on a foreign-value basis.....	173
Imports (for consumption), quantity and value of principal agricul- tural products, by countries of origin, 1960.....	148
Letter to Hon. John Marshall Butler.....	508

Additional information and exhibits submitted by Secretary Hodges—Con.		Page
Level of benefits to workers, under the adjustment assistance provisions of the Trade Expansion Act of 1962.....		227
Principal features of the bill.....		35
Standard international trade classification.....		40
Survey of the origin of exports of manufactured products, 1960.....		205
The European Common Market is the fastest growing economy (index of gross national product, 1953=100).....		57
The growing Common Market represents great potential demand (products in use per 100 population—1959 or 1960).....		58
The Netherlands system of variable levies on wheat flour.....		182
The present (post-Geneva) weighted average ad valorem equivalent of U.S. duties for all agricultural commodities, based on the 1960 import value, is 4.8 percent.....		86
The worker assistance provisions of the trade bill (H.R. 11970) do not federalize the unemployment insurance system.....		75
Title I, Public Law 480, total amounts programed and shipped through December 31, 1961, and shipments by 6-month periods, from July 1, 1959, through December 31, 1961, by country and commodity.....		101
Trade negotiations on a category basis.....		176
U.S. agricultural exports under specified Government-financed programs, exports outside specified Government-financed programs, agricultural exports, value, calendar year 1960.....		145
U.S. agricultural exports under specified Government-financed program, exports outside Government-financed program, and total agricultural exports, value, by country of destination, calendar year 1960.....		141
U.S. exports exceed imports in competitive commodity groups—machinery.....		59
U.S. exports exceed imports in competitive commodity groups—selected commodities.....		58
U.S. cotton exports in 1960 and 1961.....		195
U.S. imports valued on an f.o.b. basis by virtue of Federal statute.....		173
U.S. relies on imports of industrial and agricultural raw materials (percent of new supply provided by imports—1960).....		56
Hooker, John, Catholic Association for International Peace.....		469
Jennings, Jack T., on behalf of the Cooperative League of the U.S.A.....		395
Meany, George, president, American Federation of Labor and Congress of Industrial Organizations.....		230
Mora, Michael M., in behalf of the American Association of Port Authorities, North Atlantic Ports Association, and Norfolk Port and Industrial Authority.....		488
Newsom, Herschel D., master, the National Grange, accompanied by Alton Denlow, associate legislative counsel.....		452
Schoen, Aaron, American Fur Merchants Association, Inc.....		475
Shuman, Charles B., president, American Farm Bureau Federation, accompanied by Herbert E. Harris II, assistant legislative director.....		281
Sinclair, Joseph A., director, international trade relations, Commerce & Industry Association of New York, Inc.....		481
Sprague, Robert C., in behalf of the Electronic Industries Association.....		498
Strackbein, O. R., chairman, the Nation-Wide Committee on Import-Export Policy.....		409
Tobin, Austin J., executive director, the Port of New York Authority.....		490
Toon, Thomas O., chairman, Trade Policy Congress.....		353
Williams, Oliver, New York, N. Y.....		472
Winton, David J., chairman, the Winton Co., Minneapolis, Minn.....		396
Zagri, Sidney, legislative counsel, International Brotherhood of Teamsters Chauffeurs, Warehousemen, and Helpers.....		362
ADDITIONAL INFORMATION		
EEC grain: Support prices, 1959-60.....		311

TRADE EXPANSION ACT OF 1962

MONDAY, JULY 23, 1962

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to notice, at 10:15 a.m., in room 2221, New Senate Office Building, Senator Harry F. Byrd (chairman) presiding.

Present: Senators Byrd (chairman), Kerr, Anderson, Douglas, Talmadge, Williams, Carlson, Butler, and Curtis.

Also present: Elizabeth Springer, chief clerk and Serge N. Benson, professional staff member.

The CHAIRMAN. The hearing today is on the Trade Expansion Act of 1962, H.R. 11970. I place in the record a brief analysis of the bill, as well as a copy of the pending bill.

(The analysis and bill follow:)

BRIEF ANALYSIS OF H.R. 11970 TRADE EXPANSION ACT OF 1962

AUTHORITY

Extends for 5 years (through June 30, 1967) the authority of the President to enter into trade agreements. Although President is to continue to consult Tariff Commission prior to negotiations, he no longer will be subject to the peril-point provisions of present law.

President is required to endeavor to—

- (1) eliminate unjustifiable import restrictions which impair value of tariff commitments made to United States, oppress commerce in United States, or prevent expansion of trade;
- (2) prevent application of trade agreements benefits to—
 - (a) products of Communist countries, and
 - (b) products of countries which maintain unwarranted nontariff restrictions or engage in discriminatory acts which unjustly restrict U.S. commodities.

IMPORT DUTIES

Authorize President to—

- (1) reduce import duties by 50 percent of the July 1, 1962, duty level and increase duties by 50 percent of the July 1, 1934, duty level, as well as impose import restrictions (quotas, etc.);
- (2) reduce import duties by more than 50 percent or eliminate the import duties on—
 - (a) articles within categories which United States and Common Market together account for 80 percent of free world market,
 - (b) certain agricultural articles in agreement with Common Market,
 - (c) tropical agricultural or forestry commodities when like commodities are not produced in significant quantities in the United States, and
 - (d) when rate was 5 percent ad valorem or less on July 1, 1962.

ESCAPE CLAUSE ACTION

Requires President to reserve articles from negotiation for 4 years when Tariff Commission finds through escape clause procedures that such imports are seriously injuring or threatening serious injury to domestic industry. Any increased restriction under escape clause provisions would terminate in 4 years unless President determines that extension of restriction is in national interest. (Period of extension may be no more than 4 years.)

NEW ADMINISTRATIVE ADVISERS

President is authorized to appoint:

- (1) Special Representative for Trade Negotiations,
- (2) Interagency Trade Organization (Cabinet level), and
- (3) two Members of House of Representatives and two Members of the U.S. Senate to be accredited to U.S. trade agreement delegations to observe U.S. trade agreement negotiations.

ADJUSTMENT ASSISTANCE

Provides adjustment assistance to workers and industries adversely affected by U.S. trade policy, in form of unemployment compensation, retraining and in some instances relocation allowances for workers, and in the form of technical assistance, loans, or 5-year carryback of net operating loss for businesses. Unemployment compensation would be at rate of 65 percent of worker's weekly wage, subject to limitation of 65 percent of national average manufacturing wage, for duration of no more than 52 weeks, with two exceptions: (1) period of retraining and (2) workers over 60 years of age.

[H.R. 11970, 87th Cong., 2d sess.]

AN ACT To promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—SHORT TITLE AND PURPOSES

SEC. 101. SHORT TITLE.

This Act may be cited as the "Trade Expansion Act of 1962".

SEC. 102. STATEMENT OF PURPOSES.

The purposes of this Act are, through trade agreements affording mutual benefits—

- (1) to stimulate the economic growth of the United States and maintain and enlarge foreign markets for the products of United States agriculture, industry, mining, and commerce;
- (2) to strength economic relations with foreign countries through the development of open and nondiscriminatory trading in the free world;
- (3) to assist in the progress of countries in the earlier stages of economic development; and
- (4) to prevent Communist economic penetration.

TITLE II—TRADE AGREEMENTS

CHAPTER 1—GENERAL AUTHORITY

SEC. 201. BASIC AUTHORITY FOR TRADE AGREEMENTS.

(a) Whenever the President determines that any existing duties or other import restrictions of any foreign country or the United States are unduly burdening and restricting the foreign trade of the United States and that any of the purposes stated in section 102 will be promoted thereby, the President may—

(1) after June 30, 1962, and before July 1, 1967, enter into trade agreements with foreign countries or instrumentalities thereof; and

(2) proclaim such modification or continuance of any existing duty or other import restriction, such continuance of existing duty-free or excise treatment, or such additional import restrictions, as he determines to be required or appropriate to carry out any such trade agreement.

(b) Except as otherwise provided in this title, no proclamation pursuant to subsection (a) shall be made—

(1) decreasing any rate of duty to a rate below 50 percent of the rate existing on July 1, 1962; or

(2) increasing any rate of duty to (or imposing) a rate more than 50 percent above the rate existing on July 1, 1964.

SEC. 202. LOW-RATE ARTICLES.

Section 201 (b) (1) shall not apply in the case of any article for which the rate of duty existing on July 1, 1962, is not more than 5 percent ad valorem (or ad valorem equivalent). In the case of an article subject to more than one rate of duty, the preceding sentence shall be applied by taking into account the aggregate of such rates.

CHAPTER 2—SPECIAL PROVISIONS CONCERNING EUROPEAN ECONOMIC COMMUNITY

SEC. 211. IN GENERAL.

(a) In the case of any trade agreement with the European Economic Community, section 201 (b) (1) shall not apply to articles in any category if, before entering into such trade agreement, the President determines with respect to such category that the United States and all countries of the European Economic Community together accounted for 80 percent or more of the aggregated world export value of all the articles in such category.

(b) For purposes of subsection (a)—

(1) As soon as practicable after the date of the enactment of this Act, the President shall—

(A) after taking into account the availability of trade statistics, select a system of comprehensive classification of articles by category, and

(B) make public his selection of such system.

(2) As soon as practicable after the President has selected a system pursuant to paragraph (1), the Tariff Commission shall—

(A) determine the articles falling within each category of such system, and

(B) make public its determinations.

The determination of the Tariff Commission as to the articles included in any category may be modified only by the Tariff Commission. Such modification by the Tariff Commission may be made only for the purpose of correction, and may be made only before the date on which the first list of articles specifying this section is furnished by the President to the Tariff Commission pursuant to section 221.

(c) For the purpose of making a determination under subsection (a) with respect to any category—

(1) The determination of the countries of the European Economic Community shall be made as of the date of the request under subsection (d).

(2) The President shall determine "aggregated world export value" with respect to any category of articles—

(A) on the basis of a period which he determines to be representative for such category, which period shall be included in the most recent 5-year period before the date of the request under subsection (d) for which statistics are available and shall contain at least 2 one-year periods,

(B) on the basis of the dollar value of exports as shown by trade statistics in use by the Department of Commerce, and

(C) by excluding exports—

(i) from any country of the European Economic Community to another such country, and

(ii) to or from any country or area which, at any time during the representative period, was denied trade agreement benefits under section 231 or under section 5 of the Trade Agreements Extension Act of 1951.

(d) Before the President makes a determination under subsection (a) with respect to any category, the Tariff Commission shall (upon request of the President) make findings as to—

(1) the representative period for such category,
 (2) the aggregated world export value of the articles falling within such category, and

(3) the percentage of the aggregated world export value of such articles accounted for by the United States and the countries of the European Economic Community,

and shall advise the President of such findings.

(e) The exception to section 201(b)(1) provided by subsection (a) shall not apply to any article referred to in Agricultural Handbook No. 143, United States Department of Agriculture, as issued in September 1959.

SEC. 212. AGRICULTURAL COMMODITIES.

In the case of any trade agreement with the European Economic Community, section 201(b)(1) shall not apply to any article referred to in Agricultural Handbook No. 143, United States Department of Agriculture, as issued in September 1959, if before entering into such agreement the President determines that such agreement will tend to assure the maintenance or expansion of United States exports of the like article.

SEC. 213. TROPICAL AGRICULTURAL AND FORESTRY COMMODITIES.

(a) Section 201(b)(1) shall not apply to any article, if before entering into the trade agreement covering such article, the President determines that—

(1) such article is a tropical agricultural or forestry commodity;

(2) the like article is not produced in significant quantities in the United States; and

(3) the European Economic Community has made a commitment with respect to duties or other import restrictions which is likely to assure access for such article to the markets of the European Economic Community which—

(A) is comparable to the access which such article will have to the markets of the United States, and

(B) will be afforded substantially without differential treatment as among free world countries of origin.

(b) For purposes of subsection (a), a "tropical agricultural or forestry commodity" is an agricultural or forestry commodity with respect to which the President determines that more than one-half of the world production is in the area of the world between 20 degrees north latitude and 20 degrees south latitude.

(c) Before the President makes a determination under subsection (a) with respect to any article, the Tariff Commission shall (upon request of the President) make findings as to—

(1) whether or not such article is an agricultural or forestry commodity more than one-half of the world production of which is in the area of the world between 20 degrees north latitude and 20 degrees south latitude, and

(2) whether or not the like article is produced in significant quantities in the United States,

and shall advise the President of such findings.

CHAPTER 3—REQUIREMENTS CONCERNING NEGOTIATIONS

SEC. 221. TARIFF COMMISSION ADVICE.

(a) In connection with any proposed trade agreement under this title, the President shall from time to time publish and furnish the Tariff Commission with lists of articles which may be considered for modification or continuance of United States duties or other import restrictions, or continuance of United States duty-free or excise treatment. In the case of any article with respect to which consideration may be given to reducing the rate of duty below the 50 percent limitation contained in section 201(b)(1), the list shall specify the section or sections of this title pursuant to which such consideration may be given.

(b) Within 6 months after receipt of such a list, the Tariff Commission shall advise the President with respect to each article of its judgment as to the probable economic effect of modifications of duties or other import restrictions on

industries producing like or directly competitive articles. In the course of preparing such advice, the Tariff Commission shall, after reasonable notice, hold public hearings.

SEC. 222. ADVICE FROM DEPARTMENTS.

Before any trade agreement is entered into under this title, the President shall seek information and advice with respect to such agreement from the Departments of Agriculture, Commerce, Defense, Interior, Labor, State, and Treasury, and from such other sources as he may deem appropriate.

SEC. 223. PUBLIC HEARINGS.

In connection with any proposed trade agreement under this title, the President shall afford an opportunity for any interested person to present his views concerning any article on a list published pursuant to section 221, any article which should be so listed, any concession which should be sought by the United States, or any other matter relevant to such proposed trade agreement. For this purpose, the President shall designate an agency or an interagency committee which shall, after reasonable notice, hold public hearings, shall prescribe regulations governing the conduct of such hearings, and shall furnish the President with a summary of such hearings.

SEC. 224. PREREQUISITE FOR OFFERS.

The President may make an offer for the modification or continuance of any duty or other import restriction, or continuance of duty-free or excise treatment, with respect to any article only after he has received advice concerning such article from the Tariff Commission under section 221(b), or after the expiration of the relevant 6-month period provided for in that section, whichever first occurs, and only after the President has received a summary of the hearings at which an opportunity to be heard with respect to such article has been afforded under section 223.

SEC. 225. RESERVATION OF ARTICLES FROM NEGOTIATIONS.

(a) While there is in effect with respect to any article any action taken under—

- (1) section 232 or 351,
- (2) section 2(b) of the Act entitled "An Act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended", approved July 1, 1954 (19 U.S.C., sec. 1352a), or
- (3) section 7 of the Trade Agreements Extension Act of 1951 (19 U.S.C., sec. 1364),

the President shall reserve such article from negotiations under this title for the reduction of any duty or other import restriction or the elimination of any duty.

(b) During the 4-year period which begins on the date of the enactment of this Act, the President shall reserve an article (other than an article which, on the date of the enactment of this Act, was described in subsection (a)(3)) from negotiation under this title for the reduction of any duty or other import restriction or the elimination of any duty where—

(1) pursuant to section 7 of the Trade Agreements Extension Act of 1951 (or pursuant to a comparable Executive Order), the Tariff Commission found by a majority of the Commissioners voting that such article was being imported in such increased quantities as to cause or threaten serious injury to an industry,

(2) such article is included in a list furnished to the Tariff Commission pursuant to section 221 (and has not been included in a prior list so furnished), and

(3) upon request on behalf of the industry, made not later than 60 days after the date of the publication of such list, the Tariff Commission finds and advises the President that economic conditions in such industry have not substantially improved since the date of the report of the finding referred to in paragraph (1).

(c) In addition to the articles described by subsections (a) and (b), the President shall also so reserve any other article which he determines to be appropriate, taking into consideration the advice of the Tariff Commission under section 221(b), any advice furnished to him under section 222, and the summary furnished to him under section 223.

SEC. 226. TRANSMISSION OF AGREEMENTS TO CONGRESS.

The President shall transmit promptly to each House of Congress a copy of each trade agreement entered into under this title, together with a statement, in

the light of the advice of the Tariff Commission under section 221(b) and of other relevant considerations, of his reasons for entering into the agreement.

CHAPTER 4—NATIONAL SECURITY

SEC. 231. PRODUCTS OF COMMUNIST COUNTRIES OR AREAS.

The President shall, as soon as practicable, suspend, withdraw, or prevent the application of the reduction, elimination, or continuance of any existing duty or other import restriction, or the continuance of any existing duty-free or excise treatment, proclaimed in carrying out any trade agreement under this title or under section 350 of the Tariff Act of 1930, to products, whether imported directly or indirectly, of any country or area dominated or controlled by Communism.

SEC. 232. SAFEGUARDING NATIONAL SECURITY.

(a) No action shall be taken pursuant to section 201(a) or pursuant to section 350 of the Tariff Act of 1930 to decrease or eliminate the duty or other import restriction on any article if the President determines that such reduction or elimination would threaten to impair the national security.

(b) Upon request of the head of any department or agency, upon application of an interested party, or upon his own motion, the Director of the Office of Emergency Planning (hereinafter in this section referred to as the "Director") shall immediately make an appropriate investigation, in the course of which he shall seek information and advice from other appropriate departments and agencies, to determine the effects on the national security of imports of the article which is the subject of such requests, application, or motion. If, as a result of such investigation, the Director is of the opinion that the said article is being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security, he shall promptly so advise the President, and, unless the President determines that the article is not being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security as set forth in this section, he shall take such action, and for such time, as he deems necessary to adjust the imports of such article and its derivatives so that such imports will not so threaten to impair the national security.

(c) For the purposes of this section, the Director and the President shall, in the light of the requirements of national security and without excluding other relevant factors, give consideration to domestic production needed for projected national defense requirements, the capacity of domestic industries to meet such requirements, existing and anticipated availabilities of the human resources, products, raw materials, and other supplies and services essential to the national defense, the requirements of growth of such industries and such supplies and services including the investment, exploration, and development necessary to assure such growth, and the importation of goods in terms of their quantities, availabilities, character, and use as those affect such industries and the capacity of the United States to meet national security requirements. In the administration of this section, the Director and the President shall further recognize the close relation of the economic welfare of the Nation to our national security, and shall take into consideration the impact of foreign competition on the economic welfare of individual domestic industries; and any substantial unemployment, decrease in revenues of government, loss of skills or investment, or other serious effects resulting from the displacement of any domestic products by excessive imports shall be considered, without excluding other factors, in determining whether such weakening of our internal economy may impair the national security.

(d) A report shall be made and published upon the disposition of each request, application, or motion under subsection (b). The Director shall publish procedural regulations to give effect to the authority conferred on him by subsection (d).

CHAPTER 5—ADMINISTRATIVE PROVISIONS

SEC. 241. SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS.

(a) The President shall appoint, by and with the advice and consent of the Senate, a Special Representative for Trade Negotiations, who shall be the chief representative of the United States for each negotiation under this title and for

such other negotiations as in the President's judgment require that the Special Representative be the chief representative of the United States. The Special Representative for Trade Negotiations shall hold office at the pleasure of the President, shall be entitled to receive the same compensation and allowances as a chief of mission, shall have the rank of Ambassador Extraordinary and Plenipotentiary, and shall be an ex-officio member of the organization established pursuant to section 242(a).

(b) The Special Representative for Trade Negotiations shall, in the performance of his functions under subsection (a), seek information and advice with respect to each negotiation from representatives of industry, agriculture, and labor, and from such agencies of the United States as he deems appropriate.

SEC. 242. INTERAGENCY TRADE ORGANIZATION.

(a) The President shall establish an interagency organization to assist him in carrying out the functions vested in him by this title and chapter 4 of title III. Such organization shall have as its chairman a Cabinet officer selected by the President, and shall be composed of the heads of such departments and of such other officers as the President shall designate. It shall meet periodically at such times and with respect to such matters as the President or the chairman of the organization shall direct. The organization may invite the participation in its activities of any agency not represented in the organization when matters of interest to such agency are under consideration.

(b) In assisting the President, the organization shall—

(1) make recommendations to the President on basic policy issues arising in the administration of the trade agreements program,

(2) make recommendations to the President as to what action, if any, he should take on reports with respect to tariff adjustment submitted to him by the Tariff Commission under section 301(e),

(3) advise the President of the results of hearings concerning unjustifiable foreign import restrictions held pursuant to section 252(c), and recommend appropriate action with respect thereto, and

(4) perform such other functions with respect to the trade agreements program as the President may from time to time designate.

(c) The organization shall, to the maximum extent practicable, draw upon the resources of the agencies represented in the organization, as well as such other agencies as it may determine, including the Tariff Commission. In addition, the President may establish by regulation such procedures and committees as he may determine to be necessary to enable the organization to provide for the conduct of hearings pursuant to section 252(c), and for the carrying out of other functions assigned to the organization pursuant to this section.

SEC. 243. CONGRESSIONAL DELEGATES TO NEGOTIATIONS.

Before each negotiation under this title, the President shall, upon the recommendation of the Speaker of the House of Representatives, select two members (not of the same political party) of the Committee on Ways and Means, and shall, upon the recommendation of the President of the Senate, select two members (not of the same political party) of the Committee on Finance, who shall be accredited as members of the United States delegation to such negotiation.

CHAPTER 6—GENERAL PROVISIONS

SEC. 251. MOST-FAVORED-NATION PRINCIPLE.

Except as otherwise provided in this title, any duty or other import restriction or duty-free treatment proclaimed in carrying out any trade agreement under this title or section 350 of the Tariff Act of 1930 shall apply to products of all foreign countries, whether imported directly or indirectly.

SEC. 252. FOREIGN IMPORT RESTRICTIONS.

(a) Whenever unjustifiable foreign import restrictions impair the value of tariff commitments made to the United States, oppress the commerce of the United States, or prevent the expansion of trade on a mutually advantageous basis, the President shall—

(1) take all appropriate and feasible steps within his power to eliminate such restrictions, and

(2) refrain from negotiating the reduction or elimination of any United States import restriction under section 201(a) in order to obtain the reduction or elimination of any such restrictions.

(b) Whenever a foreign country or instrumentality the products of which receive benefits of trade agreement concessions made by the United States—

(1) maintains nontariff trade restrictions, including unlimited variable import fees, which substantially burden United States commerce in a manner inconsistent with provisions of trade agreements, or

(2) engages in discriminatory or other acts (including tolerance of international cartels) or policies unjustifiably restricting United States commerce,

the President shall, to the extent that such action is consistent with the purposes of section 102—

(A) suspend, withdraw, or prevent the application of benefits of trade agreements concessions to products of such country or instrumentality, or

(B) refrain from proclaiming benefits of trade agreement concessions to carry out a trade agreement with such country or instrumentality.

(c) The President shall provide an opportunity for the presentation of views concerning unjustifiable foreign import restrictions maintained against United States commerce. Upon request by any interested person, the President shall, through the organization established pursuant to section 242(a), provide for appropriate public hearings with respect to such restrictions after reasonable notice and provide for the issuance of regulations concerning the conduct of such hearings.

SEC. 253. STAGING REQUIREMENTS.

(a) Except as otherwise provided in this section and in section 254, the aggregate reduction in the rate of duty on any article which is in effect on any day pursuant to a trade agreement under this title shall not exceed the aggregate reduction which would have been in effect on such day if—

(1) one-fifth of the total reduction under such agreement for such article had taken effect on the date of the first proclamation pursuant to section 201(a) to carry out such trade agreement, and

(2) the remaining four-fifths of such total reduction had taken effect in four equal installments at 1-year intervals after the date referred to in paragraph (1).

(b) Subsection (a) shall not apply to any article with respect to which the President has made a determination under section 213(a).

(c) In the case of an article the rate of duty on which has been or is to be reduced pursuant to a prior trade agreement, no reduction shall take effect pursuant to a trade agreement entered into under section 201(a) before the expiration of 1 year after the taking effect of the final reduction pursuant to such prior agreement.

(d) If any part of a reduction takes effect, then any time thereafter during which such part of the reduction is not in effect by reason of legislation of the United States or action thereunder shall be excluded in determining—

(1) the 1-year intervals referred to in subsection (a) (2), and

(2) the expiration of the 1 year referred to in subsection (c).

SEC. 254. ROUNDING AUTHORITY.

If the President determines that such action will simplify the computation of the amount of duty imposed with respect to an article, he may exceed the limitation provided by section 201(b) (1) or 253 by not more than whichever of the following is lesser:

(1) the difference between the limitation and the next lower whole number, or

(2) one-half of 1 percent ad valorem or an amount the ad valorem equivalent of which is one-half of 1 percent.

SEC. 255. TERMINATION.

(a) Every trade agreement entered into under this title shall be subject to termination or withdrawal, upon due notice, at the end of a period specified in the agreement. Such period shall be not more than 3 years from the date on which the agreement becomes effective. If the agreement is not terminated or withdrawn from at the end of the period so specified, it shall be subject to termination or withdrawal thereafter upon not more than 6 months' notice.

(b) The President may at any time terminate, in whole or in part, any proclamation made under this title.

SEC. 256. DEFINITIONS.

For purposes of this title—

(1) The term "European Economic Community" means the instrumentality known by such name or any successor thereto.

(2) The countries of the European Economic Community as of any date shall be those countries which on such date are agreed to achieve a common external tariff through the European Economic Community.

(3) The term "agreement with the European Economic Community" means an agreement to which the United States and all countries of the European Economic Community (determined as of the date such agreement is entered into) are parties. For purposes of the preceding sentence, each country for which the European Economic Community signs an agreement shall be treated as a party to such agreement.

(4) The term "existing on July 1, 1962", as applied to a rate of duty, refers to the lowest nonpreferential rate of duty (however established, and even though temporarily suspended by Act of Congress or otherwise) existing on such date or (if lower) the lowest nonpreferential rate to which the United States is committed on such date and which may be proclaimed under section 350 of the Tariff Act of 1930.

(5) The term "existing on July 1, 1934", as applied to a rate of duty, refers to the rate of duty (however established, and even though temporarily suspended by Act of Congress or otherwise) existing on such date.

(6) The term "existing" without the specification of any date, when used with respect to any matter relating to entering into, or any proclamation to carry out, a trade agreement, means existing on the day on which such trade agreement is entered into.

(7) The term "ad valorem equivalent" means the ad valorem equivalent of a specific rate or, in the case of a combination of rates including a specific rate, the sum of the ad valorem equivalent of the specific rate and of the ad valorem rate. The ad valorem equivalent shall be determined by the President on the basis of the value of imports of the article concerned during a period determined by him to be representative. In determining the value of imports, the President shall utilize, to the maximum extent practicable, the standards of valuation contained in section 402 or 402a of the Tariff Act of 1930 (19 U.S.C., sec. 1401a or 1402) applicable to the article concerned during such representative period.

SEC. 257. RELATION TO OTHER LAWS.

(a) The first sentence of subsection (b) of section 350 of the Tariff Act of 1930 is amended by striking out "this section" each place it appears and inserting in lieu thereof "this section or the Trade Expansion Act of 1962." The second sentence of such subsection (b) is amended by striking out "this Act" and inserting in lieu thereof "this Act or the Trade Expansion Act of 1962." The third sentence of such subsection (b) is amended by striking out "1955," in paragraph (2) and inserting in lieu thereof "1955, and before July 1, 1962," and by adding at the end thereof the following new paragraph:

"(3) In order to carry out a foreign trade agreement entered into after June 30, 1962, and before July 1, 1967, below the lowest rate permissible by applying title II of the Trade Expansion Act of 1962 to the rate of duty (however established, and even though temporarily suspended by Act of Congress or otherwise) existing on July 1, 1962, with respect to such product."

(b) Subsections (a)(5) and (e) of section 350 of the Tariff Act of 1930 are repealed.

(c) For purposes only of entering into trade agreements pursuant to the notices of intention to negotiate published in the Federal Register of May 28, 1960, and the Federal Register of November 23, 1960, the period during which the President is authorized to enter into foreign trade agreements under section 350 of the Tariff Act of 1930 is hereby extended from the close of June 30, 1962, until the close of December 31, 1962.

(d) The second and third sentences of section 2(a) of the Act entitled "An Act to amend the Tariff Act of 1930", approved June 12, 1934, as amended (19 U.S.C., sec. 1352(a)), are each amended by striking out "this Act" and inserting in lieu thereof "this Act or the Trade Expansion Act of 1962".

(e) (1) Sections 5, 6, 7, and 8(a) of the Trade Agreements Extension Act of 1951 are repealed.

(2) Action taken by the President under section 5 of such Act and in effect on the date of the enactment of this Act shall be considered as having been taken by the President under section 231.

(3) Any investigation by the Tariff Commission under section 7 of such Act which is in progress on the date of the enactment of this Act shall be continued under section 301 as if the application by the interested party were a petition under such section for tariff adjustment under section 351. For purposes of section 301(f), such petition shall be treated as having been filed on the date of the enactment of this Act.

(f) Section 2 of the Act entitled "An Act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended", approved July 1, 1954, is repealed. Any action (including any investigation begun) under such section 2 before the date of the enactment of this Act shall be considered as having been taken or begun under section 232.

TITLE III—TARIFF ADJUSTMENT AND OTHER ADJUSTMENT ASSISTANCE

CHAPTER 1—ELIGIBILITY FOR ASSISTANCE

SEC. 301. TARIFF COMMISSION INVESTIGATIONS AND REPORTS.

(a) (1) Petitions for tariff adjustment under section 351 or for determinations of eligibility to apply for adjustment assistance under chapter 2 or 3 may be filed with the Tariff Commission by firms, groups of workers, or industries. In the case of a firm, such petition may be filed by the firm or its representative. In the case of a group of workers, such petition may be filed by the workers or by their certified or recognized union or other duly authorized representative. In the case of an industry, such petition may be filed by a trade association, firm, certified or recognized union, or other representative.

(2) Whenever a petition is filed under this subsection, the Tariff Commission shall transmit a copy thereof to the Secretary of Commerce.

(b) (1) Upon the request of the President, upon resolution of either the Committee on Finance of the Senate or the Committee on Ways and Means of the House of Representatives, upon its own motion, or upon the filing of a petition under subsection (a) (1), the Tariff Commission shall promptly make an investigation to determine whether, as a result of concessions granted under trade agreements, an article is being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to the domestic industry producing an article which is like or directly competitive with the imported article.

(2) In making its determination under paragraph (1), the Tariff Commission shall take into account all economic factors which it considers relevant, including idling of productive facilities, inability to operate at a profit, and unemployment or underemployment.

(3) No investigation for the purpose of paragraph (1) shall be made, upon petition filed under subsection (a) (1), with respect to the same subject matter as a previous investigation under paragraph (1), unless one year has elapsed since the Tariff Commission made its report to the President of the results of such previous investigation.

(c) (1) In the case of a petition by a firm for a determination of eligibility to apply for adjustment assistance under chapter 2, the Tariff Commission shall, in addition to making an industry determination under subsection (b), determine whether, as a result of concessions granted under trade agreements, an article like or directly competitive with an article produced by the firm is being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to such firm. In making its determination under this paragraph, the Tariff Commission shall take into account all economic factors which it considers relevant, including idling of productive facilities of the firm, inability of the firm to operate at a profit, and unemployment or underemployment in the firm.

(2) In the case of a petition by a group of workers for a determination of eligibility to apply for adjustment assistance under chapter 3, the Tariff Commission shall, in addition to making an industry determination under subsection (b), determine whether, as a result of concessions granted under trade agreements, an article like or directly competitive with an article produced by such

workers' firm, or an appropriate subdivision thereof, is being imported into the United States in such increased quantities as to cause, or threaten to cause, unemployment or underemployment of a significant number or proportion of the workers of such firm or subdivision.

(3) The Tariff Commission may provide that, during a period beginning not earlier than 30 days after the publication of notice of hearings with respect to an industry and ending not later than the date of the report of the Tariff Commission with respect thereto under subsection (f) (2), no petition may be filed under subsection (a) (1) by a firm or group of workers in such industry with respect to the same imported article and the same domestic article.

(d) In the course of any investigation under this section, the Tariff Commission shall, after reasonable notice, hold public hearings and shall afford interested parties opportunity to be present, to produce evidence, and to be heard at such hearings.

(e) Should the Tariff Commission find with respect to any article, as the result of its investigation, the serious injury or threat thereof described in subsection (b), it shall find the amount of the increase in, or imposition of, any duty or other import restriction on such article which is necessary to prevent or remedy such injury and shall include such finding in its report to the President.

(f) (1) The Tariff Commission shall report to the President the results of each investigation under this section and include in each report any dissenting or separate views. The Tariff Commission shall furnish to the President a transcript of the hearings and any briefs which may have been submitted in connection with each investigation.

(2) The report of the Tariff Commission of its determination under subsection (b) shall be made at the earliest practicable time, but not later than 120 days after the date on which the petition is filed (or the date on which the request or resolution is received or the motion is adopted, as the case may be), unless the President extends such time for an additional period, which shall not exceed 30 days. Upon making such report to the President, the Tariff Commission shall promptly make public such report, and shall cause a summary thereof to be published in the Federal Register.

(3) The report of the Tariff Commission of its determination under subsection (c) (1) or (c) (2) with respect to any firm or group of workers shall be made at the earliest practicable time, but not later than 60 days after the date on which the petition is filed.

SEC. 302. PRESIDENTIAL ACTION AFTER TARIFF COMMISSION DETERMINATION.

(a) After receiving a report from the Tariff Commission containing an affirmative finding under section 301(b) with respect to any industry, the President may—

(1) provide tariff adjustment for such industry pursuant to section 351,

(2) provide, with respect to such industry, that its firms may request the Secretary of Commerce for certifications of eligibility to apply for adjustment assistance under chapter 2,

(3) provide, with respect to such industry, that its workers may request the Secretary of Labor for certifications of eligibility to apply for adjustment assistance under chapter 3, or

(4) take any combination of such actions.

(b) (1) The Secretary of Commerce shall certify, as eligible to apply for adjustment assistance under chapter 2, any firm in an industry with respect to which the President has acted under subsection (a) (2), upon a showing by such firm to the satisfaction of the Secretary of Commerce that the increased imports (which the Tariff Commission has determined to result from concessions granted under trade agreements) have caused serious injury or threat thereof to such firm.

(2) The Secretary of Labor shall certify, as eligible to apply for adjustment assistance under chapter 3, any group of workers in an industry with respect to which the President has acted under subsection (a) (3), upon a showing by such group of workers to the satisfaction of the Secretary of Labor that the increased imports (which the Tariff Commission has determined to result from concessions granted under trade agreements) have caused or threatened to cause unemployment or underemployment of a significant number or proportion of workers of such workers' firm or subdivision thereof.

(c) After receiving a report from the Tariff Commission containing an affirmative finding under section 301(c) with respect to any firm or group of workers, the President may certify that such firm or group of workers is eligible to apply for adjustment assistance.

(d) Any certification under subsection (b) or (c) that a group of workers is eligible to apply for adjustment assistance shall specify the date on which the unemployment or underemployment began or threatens to begin.

(e) Whenever the President determines, with respect to any certification of the eligibility of a group of workers, that separations from the firm or subdivision thereof are no longer attributable to the conditions specified in section 301(c)(2) or in subsection (b)(2) of this section, he shall terminate the effect of such certification. Such termination shall apply only with respect to separations occurring after the termination date specified by the President.

CHAPTER 2—ASSISTANCE TO FIRMS

SEC. 311. CERTIFICATION OF ADJUSTMENT PROPOSALS.

(a) A firm certified under section 302 as eligible to apply for adjustment assistance may, at any time within 2 years after the date of such certification, file an application with the Secretary of Commerce for adjustment assistance under this chapter. Within a reasonable time after filing its application, the firm shall present a proposal for its economic adjustment.

(b) Adjustment assistance under this chapter consists of technical assistance, financial assistance, and tax assistance, which may be furnished singly or in combination. Except as provided in subsection (c), no adjustment assistance shall be provided to a firm under this chapter until its adjustment proposal shall have been certified by the Secretary of Commerce—

(1) to be reasonably calculated materially to contribute to the economic adjustment of the firm,

(2) to give adequate consideration to the interests of the workers of such firm adversely affected by actions taken in carrying out trade agreements, and

(3) to demonstrate that the firm will make all reasonable efforts to use its own resources for economic development.

(c) In order to assist a firm which has applied for adjustment assistance under this chapter in preparing a sound adjustment proposal, the Secretary of Commerce may furnish technical assistance to such firm prior to certification of its adjustment proposal.

(d) Any certification made pursuant to this section shall remain in force only for such period as the Secretary of Commerce may prescribe.

SEC. 312. USE OF EXISTING AGENCIES.

(a) The Secretary of Commerce shall refer each certified adjustment proposal to such agency or agencies as he determines to be appropriate to furnish the technical and financial assistance necessary to carry out such proposal.

(b) Upon receipt of a certified adjustment proposal, each agency concerned shall promptly—

(1) examine the aspects of the proposal relevant to its functions, and

(2) notify the Secretary of Commerce of its determination as to the technical and financial assistance it is prepared to furnish to carry out the proposal.

(c) Whenever and to the extent that any agency to which an adjustment proposal has been referred notifies the Secretary of Commerce of its determination not to furnish technical or financial assistance, and if the Secretary of Commerce determines that such assistance is necessary to carry out the adjustment proposal, he may furnish adjustment assistance under sections 313 and 314 to the firm concerned.

(d) There are hereby authorized to be appropriated to the Secretary of Commerce such sums as may be necessary from time to time to carry out his functions under this chapter in connection with furnishing adjustment assistance to firms, which sums are authorized to be appropriated to remain available until expended.

SEC. 313. TECHNICAL ASSISTANCE.

(a) Upon compliance with section 312(c), the Secretary of Commerce may provide to a firm, on such terms and conditions as he determines to be appropriate,

such technical assistance as in his judgment will materially contribute to the economic adjustment of the firm.

(b) To the maximum extent practicable, the Secretary of Commerce shall furnish technical assistance under this section and section 311(c) through existing agencies, and otherwise through private individuals, firms, or institutions.

(c) The Secretary of Commerce shall require a firm receiving technical assistance under this section or section 311(c) to share the cost thereof to the extent he determines to be appropriate.

SEC. 314. FINANCIAL ASSISTANCE.

(a) Upon compliance with section 312(c), the Secretary of Commerce may provide to a firm, on such terms and conditions as he determines to be appropriate, such financial assistance in the form of guarantees of loans, agreements for deferred participations in loans, or loans, as in his judgment will materially contribute to the economic adjustment of the firm. The assumption of an outstanding indebtedness of the firm, with or without recourse, shall be considered to be the making of a loan for purposes of this section.

(b) Guarantees, agreements for deferred participations, or loans shall be made under this section only for the purpose of making funds available to the firm—

(1) for acquisition, construction, installation, modernization, development, conversion, or expansion of land, plant, buildings, equipment, facilities, or machinery, or

(2) in cases determined by the Secretary of Commerce to be exceptional, to supply working capital.

(c) To the maximum extent practicable, the Secretary of Commerce shall furnish financial assistance under this section through agencies furnishing financial assistance under other law.

SEC. 315. CONDITIONS FOR FINANCIAL ASSISTANCE.

(a) No loan shall be guaranteed and no agreement for deferred participation in a loan shall be made by the Secretary of Commerce in an amount which exceeds 90 percent of that portion of the loan made for purposes specified in section 314(b).

(b) (1) Any loan made or deferred participation taken up by the Secretary of Commerce shall bear interest at a rate not less than the greater of—

(A) 4 percent per annum, or

(B) a rate determined by the Secretary of the Treasury for the year in which the loan is made or the agreement for such deferred participation is entered into.

(2) The Secretary of the Treasury shall determine annually the rate referred to in paragraph (1) (B), taking into consideration the current average market yields on outstanding interest-bearing marketable public debt obligations of the United States of maturities comparable to those of the loans outstanding under section 314.

(c) Guarantees or agreements for deferred participation shall be made by the Secretary of Commerce only with respect to loans bearing interest at a rate which he determines to be reasonable. In no event shall the guaranteed portion of any loan, or the portion covered by an agreement for deferred participation, bear interest at a rate more than 1 percent per annum above the rate prescribed by subsection (b) (determined when the guarantee is made or the agreement is entered into), unless the Secretary of Commerce shall determine that special circumstances justify a higher rate, in which case such portion of the loan shall bear interest at a rate not more than 2 percent per annum above such prescribed rate.

(d) The Secretary of Commerce shall make no loan or guarantee having a maturity in excess of 25 years, including renewals and extensions, and shall make no agreement for deferred participation in a loan which has a maturity in excess of 25 years, including renewals and extensions. Such limitation on maturities shall not, however, apply to—

(1) securities or obligations received by the Secretary of Commerce as claimant in bankruptcy or equitable reorganization, or as creditor in other proceedings attendant upon insolvency of the obligor, or

(2) an extension or renewal for an additional period not exceeding 10 years, if the Secretary of Commerce determines that such extension or renewal is reasonably necessary for the orderly liquidation of the loan.

(e) No financial assistance shall be provided under section 314 unless the Secretary of Commerce determines that such assistance is not otherwise available to the firm, from sources other than the United States, on reasonable terms, and that there is reasonable assurance of repayment by the borrower.

(f) The Secretary of Commerce shall maintain operating reserves with respect to anticipated claims under guarantees and under agreements for deferred participation made under section 314. Such reserves shall be considered to constitute obligations for purposes of section 1311 of the Supplemental Appropriation Act, 1955 (31 U.S.C., sec. 200).

SEC. 316. ADMINISTRATION OF FINANCIAL ASSISTANCE.

(a) In making and administering guarantees, agreements for deferred participation, and loans under section 314, the Secretary of Commerce may—

(1) require security for any such guarantee, agreements, or loan, and enforce, waive, or subordinate such security;

(2) assign or sell at public or private sale, or otherwise dispose of, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any evidence of debt, contract, claim, personal property, or security assigned to or held by him in connection with such guarantees, agreements, or loans, and collect, compromise, and obtain deficiency judgments with respect to all obligations assigned to or held by him in connection with such guarantees, agreements, or loans until such time as such obligations may be referred to the Attorney General for suit or collection;

(3) renovate, improve, modernize, complete, insure, rent, sell, or otherwise deal with, upon such terms and conditions and for such consideration as he shall determine to be reasonable, any real or personal property conveyed to or otherwise acquired by him in connection with such guarantees, agreements, or loans;

(4) acquire, hold, transfer, release, or convey any real or personal property or any interest therein whenever deemed necessary or appropriate, and execute all legal documents for such purposes; and

(5) exercise all such other powers and take all such other acts as may be necessary or incidental to the carrying out of functions pursuant to section 314.

(b) Any mortgage acquired as security under subsection (a) shall be recorded under applicable State law.

SEC. 317. TAX ASSISTANCE.

(a) If—

(1) to carry out an adjustment proposal of a firm certified pursuant to section 311, such firm applies for tax assistance under this section within 24 months after the close of a taxable year and alleges in such application that it has sustained a net operating loss for such taxable year,

(2) The Secretary of Commerce determines that any such alleged loss for such taxable year arose predominantly out of the carrying on of a trade or business which was seriously injured, during such a year, by the increased imports which the Tariff Commission has determined to result from concessions granted under trade agreements, and

(3) the Secretary of Commerce determines that tax assistance under this section will materially contribute to the economic adjustment of the firm, then the Secretary of Commerce shall certify such determinations with respect to such firm for such taxable year. No determination or certification under this subsection shall constitute a determination of the existence or amount of any net operating loss for purposes of section 172 of the Internal Revenue Code of 1954.

(b) Subsection (b) of section 172 of the Internal Revenue Code of 1954 (relating to net operating loss carrybacks and carryovers) is amended to read as follows:

“(b) NET OPERATING LOSS CARRYBACKS AND CARRYOVERS.—

“(1) YEARS TO WHICH LOSS MAY BE CARRIED.—A net operating loss for any taxable year ending after December 31, 1957, shall be—

“(A) except as provided in subparagraph (B), a net operating loss carryback to each of the 3 taxable years preceding the taxable year of such loss.

“(B) In the case of a taxpayer with respect to a taxable year ending on or after December 31, 1962, for which a certification has been issued under section 317 of the Trade Expansion Act of 1962, a net

operating loss carryback to each of the 5 taxable years preceding the taxable year of such loss, and

"(C) a net operating loss carryover to each of the 5 taxable years following the taxable year of such loss.

"(2) AMOUNT OF CARRYBACKS AND CARRYOVERS.—Except as provided in subsection (1), the entire amount of the net operating loss for any taxable year (hereinafter in this section referred to as the 'loss year') shall be carried to the earliest of the taxable years to which (by reason of paragraph (1)) such loss may be carried. The portion of such loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of such loss over the sum of the taxable income for each of the prior taxable years to which such loss may be carried. For purposes of the preceding sentence, the taxable income for any such prior taxable year shall be computed—

"(A) with the modifications specified in subsection (d) other than paragraphs (1), (4), and (6) thereof; and

"(B) by determining the amount of the net operating loss deduction without regard to the net operating loss for the loss year or for any taxable year thereafter, and the taxable income so computed shall not be considered to be less than zero.

"(3) SPECIAL RULES.—

"(A) Paragraph (1) (B) shall apply only if—

"(i) there has been filed, at such time and in such manner as may be prescribed by the Secretary or his delegate, a notice of filing of the application under section 317 of the Trade Expansion Act of 1962 for tax assistance, and, after its issuance, a copy of the certification under such section, and

"(ii) the taxpayer consents in writing to the assessment, within such period as may be agreed upon with the Secretary or his delegate, of any deficiency for any year to the extent attributable to the disallowance of a deduction previously allowed with respect to such net operating loss, even though at the time of filing such consent the assessment of such deficiency would otherwise be prevented by the operation of any law or rule of law.

"(B) In the case of—

"(i) a partnership and its partners, or

"(ii) an electing small business corporation under subchapter S and its shareholders,

paragraph (1) (B) shall apply as determined under regulations prescribed by the Secretary or his delegate. Such paragraph shall apply to a net operating loss of a partner or such a shareholder only if it arose predominantly from losses in respect of which certifications under section 317 of the Trade Expansion Act of 1962 were filed under this section."

(c) Subsection (h) of section 6501 of the Internal Revenue Code of 1954 (relating to limitations on assessment and collection in the case of net operating loss carrybacks) is amended by inserting before the period: "or within 18 months after the date on which the taxpayer files in accordance with section 172(b) (3) a copy of the certification (with respect to such taxable year) issued under section 317 of the Trade Expansion Act of 1962, whichever is later".

(d) Section 6511(d) (2) (A) of the Internal Revenue Code of 1954 (relating to special period of limitation on credit or refund with respect to net operating loss carrybacks) is amended to read as follows:

"(A) PERIOD OF LIMITATION.—If the claim for credit or refund relates to an overpayment attributable to a net operating loss carryback, in lieu of the 3-year period of limitation prescribed in subsection (a), the period shall be that period which ends with the expiration of the 15th day of the 40th month (or the 39th month, in the case of a corporation) following the end of the taxable year of the net operating loss which results in such carryback or the period prescribed in subsection (c) in respect of such taxable year, whichever expires later; except that—

"(i) with respect to an overpayment attributable to a net operating loss carryback to any year on account of a certification issued to the taxpayer under section 317 of the Trade Expansion Act of 1962, the period shall not expire before the expiration of the sixth

month following the month in which such certification is issued to the taxpayer, and

"(ii) with respect to an overpayment attributable to the creation of, or an increase in, a net operating loss carryback as a result of the elimination of excessive profits by a renegotiation (as defined in section 1481(a)(1)(A)), the period shall not expire before September 1, 1959, or the expiration of the twelfth month following the month in which the agreement or order for the elimination of such excessive profits becomes final, whichever is the later.

In the case of such a claim, the amount of the credit or refund may exceed the portion of the tax paid within the period provided in subsection (b)(2) or (c), whichever is applicable, to the extent of the amount of the overpayment attributable to such carryback."

SEC. 318. PROTECTIVE PROVISIONS.

(a) Each recipient of adjustment assistance under section 313, 314, or 317 shall keep records which fully disclose the amount and disposition by such recipient of the proceeds, if any, of such adjustment assistance, and which will facilitate an effective audit. The recipient shall also keep such other records as the Secretary of Commerce may prescribe.

(b) The Secretary of Commerce and the Comptroller General of the United States shall have access for the purpose of audit and examination to any books, documents, papers and records of the recipient pertaining to adjustment assistance under sections 313, 314, and 317.

(c) No adjustment assistance shall be extended under section 313, 314, or 317 to any firm unless the owners, partners, or officers certify to the Secretary of Commerce—

(1) the names of any attorneys, agents, and other persons engaged by or on behalf of the firm for the purpose of expediting applications for such adjustment assistance, and

(2) the fees paid or to be paid to any such person.

(d) No financial assistance shall be provided to any firm under section 314 unless the owners, partners, or officers shall execute an agreement binding them and the firm for a period of 2 years after such financial assistance is provided to refrain from employing, tendering any office or employment to, or retaining for professional services any person who, on the date such assistance or any part thereof was provided, or within one year prior thereto, shall have served as an officer, attorney, agent, or employee occupying a position or engaging in activities which the Secretary of Commerce shall have determined involve discretion with respect to the provision of such financial assistance.

SEC. 319. PENALTIES.

Whoever makes a false statement of a material fact knowing it to be false, or knowingly fails to disclose a material fact, or whoever willfully overvalues any security, for the purpose of influencing in any way the action of the Secretary of Commerce under this chapter, or for the purpose of obtaining money, property, or anything of value under this chapter, shall be fined not more than \$5,000 or imprisoned for not more than two years, or both.

SEC. 320. SUITS.

In providing technical and financial assistance under sections 313 and 314, the Secretary of Commerce may sue and be sued in any court of record of a State having general jurisdiction or in any United States district court, and jurisdiction is conferred upon such district court to determine such controversies without regard to the amount in controversy; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against him or his property. Nothing in this section shall be construed to except the activities pursuant to sections 313 and 314 from the application of sections 507(b) and 2679 of title 28 of the United States Code, and of section 367 of the Revised Statutes (5 U.S.C., sec. 316).

CHAPTER 3—ASSISTANCE TO WORKERS

SEC. 321. AUTHORITY.

The Secretary of Labor shall determine whether applicants are entitled to receive assistance under this chapter and shall pay or provide such assistance to applicants who are so entitled.

Subchapter A—Trade Readjustment Allowances

SEC. 322. QUALIFYING REQUIREMENTS.

(a) Payment of a trade readjustment allowance shall be made to an adversely affected worker who applies for such allowance for any week of unemployment which begins after the 30th day after the date of the enactment of this Act and after the date determined under section 302(d), subject to the requirements of subsections (b) and (c).

(b) Total or partial separation shall have occurred—

(1) after the date of the enactment of this Act, and after the date determined under section 302(d), and

(2) before the expiration of the 2-year period beginning on the day on which the most recent determination under section 302(d) was made, and before the termination date (if any) specified under section 302(e).

(c) Such worker shall have had—

(1) in the 156 weeks immediately preceding such total or partial separation, at least 78 weeks of employment at wages of \$15 or more a week, and

(2) in the 52 weeks immediately preceding such total or partial separation, at least 26 weeks of employment at wages of \$15 or more a week in a firm or firms with respect to which a determination of unemployment or underemployment under section 302 has been made, or

if data with respect to weeks of employment are not available, equivalent amounts of employment computed under regulations prescribed by the Secretary of Labor.

SEC. 323. WEEKLY AMOUNTS.

(a) Subject to the other provisions of this section, the trade readjustment allowance payable to an adversely affected worker for a week of unemployment shall be an amount equal to 65 percent of his average weekly wage or to 65 percent of the average weekly manufacturing wage, whichever is less, reduced by 50 percent of the amount of his remuneration for services performed during such week.

(b) Any adversely affected worker who is entitled to trade readjustment allowances and who is undergoing training approved by the Secretary of Labor, including on-the-job training, shall receive for each week in which he is undergoing any such training, a trade readjustment allowance in an amount (computed for such week) equal to the amount computed under subsection (a) or (if greater) the amount of any weekly allowance for such training to which he would be entitled under any other Federal law for the training of workers, if he applied for such allowance. Such trade readjustment allowance shall be paid in lieu of any training allowance to which the worker would be entitled under such other Federal law.

(c) (1) The amount payable to an adversely affected worker under subsection (a) for any week shall be reduced by any amount of unemployment insurance to which he is entitled with respect to such week (or would be entitled but for this chapter or any action taken by such worker under this chapter), whether or not he has filed a claim for such insurance.

(2) The amount payable to an adversely affected worker under subsection (b) for any week shall be reduced by any amount of unemployment insurance which he has received or is seeking with respect to such week; but, if the appropriate State or Federal agency finally determines that the worker was not entitled to unemployment insurance with respect to such week, the reduction shall not apply with respect to such week.

(d) If unemployment insurance, or a training allowance under the Manpower Development and Training Act of 1962 or the Area Redevelopment Act, is payable to an adversely affected worker for any week of unemployment with respect to which he would be entitled (determined without regard to subsection (c) or (e) or to any disqualification under section 327) to a trade readjustment allowance if he applied for such allowance, each such week shall be deducted from the total number of weeks of trade readjustment allowance otherwise payable to him under section 324(a) when he applies for a trade readjustment allowance and is determined to be entitled to such allowance. If the unemployment insurance or the training allowance payable to such worker for any week of unemployment is less than the amount of the trade readjustment allowance to which he would be entitled if he applied for such allowance, he shall receive, when he applies for a trade readjustment allowance and is determined to be entitled to such allowance, a trade readjustment allowance for such week equal to such difference.

(e) Whenever, with respect to any week of unemployment, the total amount payable to an adversely affected worker as remuneration for services performed during such week, as unemployment insurance, as a training allowance referred to in subsection (d), and as a trade readjustment allowance would exceed 75 percent of his average weekly wage, his trade readjustment allowance for such week shall be reduced by the amount of such excess.

(f) The amount of any weekly payment to be made under this section which is not a whole dollar amount shall be rounded upward to the next higher whole dollar amount.

(g) If unemployment insurance is paid under a State law to an adversely effected worker for a week during which he is undergoing training approved by the Secretary of Labor, the State agency making such payment shall be reimbursed from funds appropriated pursuant to section 337, to the extent that such payment does not exceed the trade readjustment allowance which such worker would have received if he had applied for such allowance and had not received the State payment. The amount of such reimbursement shall be determined by the Secretary of Labor on the basis of reports furnished to him by the State agency and such amount shall then be placed in the Unemployment Trust Fund to the credit of the State's account.

SEC. 324. TIME LIMITATIONS ON TRADE READJUSTMENT ALLOWANCES.

(a) Payment of trade readjustment allowances shall not be made to an adversely affected worker for more than 52 weeks, except that, in accordance with regulations prescribed by the Secretary of Labor—

(1) such payments may be made for not more than 26 additional weeks to an adversely affected workers to assist him to complete training approved by the Secretary of Labor, or

(2) such payments shall be made for not more than 13 additional weeks to an adversely affected worker who had reached his 60th birthday on or before the date of total or partial separation.

(b) Except for a payment made for an additional week specified in subsection (a), a trade readjustment allowance shall not be paid for a week of unemployment beginning more than 2 years after the beginning of the appropriate week. A trade readjustment allowance shall not be paid for any additional week specified in subsection (a) if such week begins more than 3 years after the beginning of the appropriate week. The appropriate week for a totally separated worker is the week of his most recent total separation. The appropriate week for a partially separated worker is the week in respect of which he first receives a trade readjustment allowance following his most recent partial separation.

SEC. 325. APPLICATION OF STATE LAWS.

Except where inconsistent with the provisions of this chapter and subject to such regulations as the Secretary of Labor may prescribe, the availability and disqualification provisions of the State law—

(1) under which an adversely affected worker is entitled to unemployment insurance (whether or not he has filed a claim for such insurance), or

(2) if he is not so entitled to unemployment insurance, of the State in which he was totally or partially separated, shall apply to any such worker who files a claim for trade readjustment allowances. The State law so determined with respect to a separation of a worker shall remain applicable, for purposes of the preceding sentence, with respect to such separation until such worker becomes entitled to unemployment insurance under another State law (whether or not he has filed a claim for such insurance).

Subchapter B—Training

SEC. 326. IN GENERAL.

(a) To assure that the readjustment of adversely affected workers shall occur as quickly and effectively as possible, with minimum reliance upon trade readjustment allowances under this chapter, every effort shall be made to prepare each such worker for full employment in accordance with his capabilities and prospective employment opportunities. To this end, and subject to this chapter, adversely affected workers shall be afforded, where appropriate, the testing, counseling, training, and placement services provided for under any Federal law. Such workers may also be afforded supplemental assistance neces-

sary to defray transportation and subsistence expenses for separate maintenance when such training is provided in facilities which are not within commuting distance of their regular place of residence. The Secretary of Labor in defraying such subsistence expenses shall not afford any individual an allowance exceeding \$5 a day; nor shall the Secretary authorize any transportation expense exceeding the rate of 10 cents per mile.

(b) To the extent practicable, before adversely affected workers are referred to training, the Secretary of Labor shall consult with such workers' firm and their certified or recognized union or other duly authorized representative and develop a worker retraining plan which provides for training such workers to meet the manpower needs of such firm, in order to preserve or restore the employment relationship between the workers and the firm.

SEC. 327. DISQUALIFICATION FOR REFUSAL OF TRAINING, ETC.

Any adversely affected worker who, without good cause, refuses to accept or continue, or fails to make satisfactory progress in, suitable training to which he has been referred by the Secretary of Labor shall not thereafter be entitled to trade readjustment allowances until he enters or resumes training to which he has been so referred.

Subchapter C—Relocation Allowances

SEC. 328. RELOCATION ALLOWANCES AFFORDED.

Any adversely affected worker who is the head of a family as defined in regulations prescribed by the Secretary of Labor and who has been totally separated may file an application for a relocation allowance, subject to the terms and conditions of this subchapter.

SEC. 329. QUALIFYING REQUIREMENTS.

(a) A relocation allowance may be granted only to assist an adversely affected worker in relocating within the United States and only if the Secretary of Labor determines that such worker cannot reasonably be expected to secure suitable employment in the commuting area in which he resides and that such worker—

- (1) has obtained suitable employment affording a reasonable expectation of long-term duration in the area in which he wishes to relocate, or
- (2) has obtained a bona fide offer of such employment.

(b) A relocation allowance shall not be granted to such worker unless—

- (1) for the week in which the application for such allowance is filed, he is entitled (determined without regard to section 323 (c) and (e)) to a trade readjustment allowance or would be so entitled (determined without regard to whether he filed application therefor) but for the fact that he has obtained the employment referred to in subsection (a)(1), and
- (2) has obtained a bona fide offer of such employment.

such application or (in the case of a worker who has been referred to training by the Secretary of Labor) within a reasonable period after the conclusion of such training.

SEC. 330. RELOCATION ALLOWANCE DEFINED.

For purposes of this subchapter, the term "relocation allowance" means—

- (1) the reasonable and necessary expenses, as specified in regulations prescribed by the Secretary of Labor, incurred in transporting a worker and his family and their household effects, and
- (2) a lump sum equivalent to two and one-half times the average weekly manufacturing wage.

Subchapter D—General Provisions

SEC. 331. AGREEMENTS WITH STATES.

(a) The Secretary of Labor is authorized on behalf of the United States to enter into an agreement with any State, or with any State agency. Under such an agreement, the State agency (1) as agent of the United States, will receive applications for, and will provide, assistance on the basis provided in this chapter, (2) where appropriate, will afford adversely affected workers who apply for assistance under this chapter testing, counseling, referral to training, and place-

ment services, and (3) will otherwise cooperate with the Secretary of Labor and with other State and Federal agencies in providing assistance under this chapter.

(b) Each agreement under this subchapter shall provide the terms and conditions upon which the agreement may be amended, suspended, or terminated.

(c) Each agreement under this subchapter shall provide that unemployment insurance otherwise payable to any adversely affected worker will not be denied or reduced for any week by reason of any right to allowances under this chapter.

SEC. 332. PAYMENTS TO STATES.

(a) The Secretary of Labor shall from time to time certify to the Secretary of the Treasury for payment to each State which has entered into an agreement under section 331 the sums necessary to enable such State as agent of the United States to make payments of allowances provided for by this chapter. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment to the State in accordance with such certification, from the funds for carrying out the purposes of this chapter.

(b) All money paid a State under this section shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned, at the time specified in the agreement under this subchapter, to the Treasury and credited to current applicable appropriations, funds, or accounts from which payments to States under this section may be made.

(c) Any agreement under this subchapter may require any officer or employee of the State certifying payments or disbursing funds under the agreement, or otherwise participating in the performance of the agreement, to give a surety bond to the United States in such amount as the Secretary of Labor may deem necessary, and may provide for the payment of the cost of such bond from funds for carrying out the purposes of this chapter.

SEC. 333. LIABILITIES OF CERTIFYING AND DISBURSING OFFICERS.

(a) No person designated by the Secretary of Labor, or designated pursuant to an agreement under this subchapter, as a certifying officer, shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to the payment of any allowance certified by him under this chapter.

(b) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this chapter if it was based upon a vouched signed by a certifying officer designated as provided in subsection (a).

SEC. 334. RECOVERY OF OVERPAYMENTS.

(a) If a State agency or the Secretary of Labor, or a court of competent jurisdiction finds that any person—

(1) has made, or has caused to be made by another, a false statement or representation of a material fact knowing it to be false, or has knowingly failed or caused another to fail to disclose a material fact; and

(2) as a result of such action has received any payment of allowances under this chapter to which he was not entitled,

such person shall be liable to repay such amount to the State agency or the Secretary of Labor, as the case may be, or either may recover such amount by deductions from any allowance payable to such person under this chapter. Any such finding by a State agency or the Secretary of Labor may be made only after an opportunity for a fair hearing.

(b) Any amount repaid to a State agency under this section shall be deposited into the fund from which payment was made. Any amount repaid to the Secretary of Labor under this section shall be returned to the Treasury and credited to the current applicable appropriation, fund, or account from which payment was made.

SEC. 335. PENALTIES.

Whoever makes a false statement of a material fact knowing it to be false, or knowingly fails to disclose a material fact, for the purpose of obtaining or increasing for himself or for any other person any payment or assistance authorized to be furnished under this chapter or pursuant to an agreement under section 331 shall be fined not more than \$1,000 or imprisoned for not more than one year, or both.

SEC. 336. REVIEW.

Except as may be provided in regulations prescribed by the Secretary of Labor to carry out his functions under this chapter, determinations under this chapter as to the entitlement of individuals for adjustment assistance shall be final and conclusive for all purposes and not subject to review by any court or any other officer. To the maximum extent practicable and consistent with the purposes of this chapter, such regulations shall provide that such determinations by a State agency will be subject to review in the same manner and to the same extent as determinations under the State law.

SEC. 337. AUTHORIZATION OF APPROPRIATIONS.

There are hereby authorized to be appropriated to the Secretary of Labor such sums as may be necessary from time to time to carry out his functions under this chapter in connection with furnishing adjustment assistance to workers, which sums are authorized to be appropriated to remain available until expended.

SEC. 338. DEFINITIONS.

For purposes of this chapter—

(1) The term "adversely affected employment" means employment in a firm or appropriate subdivision of a firm, if workers of such firm or subdivision are eligible to apply for adjustment assistance under this chapter.

(2) The term "adversely affected worker" means an individual who, because of lack of work in an adversely affected employment—

(A) has been totally or partially separated from such employment,

or

(B) has been totally separated from employment with the firm in a subdivision of which such adversely affected employment exists.

(3) The term "average weekly manufacturing wage" means the national gross average weekly earnings of production workers in manufacturing industries for the latest calendar year (as officially published annually by the Bureau of Labor Statistics of the Department of Labor) most recently published before the period for which the assistance under this chapter is furnished.

(4) The term "average weekly wage" means one 13th of the total wages paid to an individual in the high quarter. For purposes of this computation, the high quarter shall be that quarter in which the individual's total wages were highest among the first 4 of the last 5 completed calendar quarters immediately before the quarter in which occurs the week with respect to which the computation is made. Such week shall be the week in which total separation occurred, or, in cases where partial separation is claimed, an appropriate week, as defined in regulations prescribed by the Secretary of Labor.

(5) The term "average weekly hours" means the average hours worked by the individual (excluding overtime) in the employment from which he has been or claims to have been separated in the 52 weeks (excluding weeks during which the individual was sick or on vacation) preceding the week specified in the last sentence of paragraph (4).

(6) The term "partial separation" means, with respect to an individual who has not been totally separated, that he has had his hours of work reduced to 80 percent or less of his average weekly hours in adversely affected employment and his wages reduced to 75 percent or less of his average weekly wage in such adversely affected employment.

(7) The term "remuneration" means wages and net earnings derived from services performed as a self-employed individual.

(8) The term "State" includes District of Columbia and the Commonwealth of Puerto Rico; and the term "United States" when used in the geographical sense includes such Commonwealth.

(9) The term "State agency" means the agency of the State which administers the State law.

(10) The term "State law" means the unemployment insurance law of the State approved by the Secretary of Labor under section 3304 of the Internal Revenue Code of 1954.

(11) The term "total separation" means the layoff or severance of an individual from employment with a firm in which, or in a subdivision of which, adversely affected employment exists.

(12) The term "unemployment insurance" means the unemployment insurance payable to an individual under any State law or Federal unemployment

insurance law, including title XV of the Social Security Act, the Railroad Unemployment Insurance Act, and the Temporary Extended Unemployment Compensation Act of 1961.

(13) The term "week" means a week as defined in the applicable State law.

(14) The term "week of unemployment" means with respect to an individual any week for which his remuneration for services performed during such week is less than 75 percent of his average weekly wage and in which, because of lack of work—

(A) if he has been totally separated, he worked less than the full-time week (excluding overtime) in his current occupation, or

(B) if he has been partially separated, he worked 80 percent or less of his average weekly hours.

CHAPTER 4—TARIFF ADJUSTMENT

SEC. 351. AUTHORITY.

(a) (1) After receiving an affirmative finding of the Tariff Commission under section 301(b) with respect to an industry, the President may proclaim such increase in, or imposition of, any duty or other import restriction on the article causing or threatening to cause serious injury to such industry as he determines to be necessary to prevent or remedy serious injury to such industry.

(2) If the President does not, within 60 days after the date on which he receives such affirmative finding, proclaim the increase in, or imposition of, any duty or other import restriction on such article found and reported by the Tariff Commission pursuant to section 301(e)—

(A) he shall immediately submit a report to the House of Representatives and to the Senate stating why he has not proclaimed such increase or imposition, and

(B) such increase or imposition shall take effect (as provided in paragraph (3)) upon the adoption by both Houses of the Congress (within the 60-day period following the date on which the report referred to in subparagraph (A) is submitted to the House of Representatives and the Senate), by the yeas and nays by the affirmative vote of a majority of the authorized membership of each House, of a concurrent resolution stating in effect that the Senate and House of Representatives approve the increase in, or imposition of any duty or other import restriction on the article found and reported by the Tariff Commission.

For purposes of subparagraph (B), in the computation of the 60-day period there shall be excluded the days on which either House is not in session because of adjournment of more than 3 days to a day certain or an adjournment of the Congress sine die. The report referred to in subparagraph (A) shall be delivered to both Houses of the Congress on the same day and shall be delivered to the Clerk of the House of Representatives if the House of Representatives is not in session and to the Secretary of the Senate if the Senate is not in session.

(3) In any case in which the contingency set forth in paragraph (2)(B) occurs, the President shall (within 15 days after the adoption of such resolution) proclaim the increase in, or imposition of, any duty or other import restriction on the article which was found and reported by the Tariff Commission pursuant to section 301(e).

(4) The President may, within 60 days after the date on which he receives an affirmative finding of the Tariff Commission under section 301(b) with respect to an industry, request additional information from the Tariff Commission. The Tariff Commission shall, as soon as practicable but in no event more than 120 days after the date on which it receives the President's request, furnish additional information with respect to such industry in a supplemental report. For purposes of paragraph (2), the date on which the President receives such supplemental report shall be treated as the date on which the President received the affirmative finding of the Tariff Commission with respect to such industry.

(b) No proclamation pursuant to subsection (a) shall be made—

(1) increasing any rate of duty to or rate more than 50 percent above the rate existing on July 1, 1934, or

(2) in the case of an article not subject to duty, imposing a duty in excess of 50 percent ad valorem.

For purposes of paragraph (1), the term "existing on July 1, 1934" has the meaning assigned to such term by paragraph (5) of section 256.

(c) (1) Any increase in, or imposition of, any duty or other import restriction proclaimed pursuant to this section or section 7 of the Trade Agreements Extension Act of 1951—

(A) may be reduced or terminated by the President when he determines, after taking into account the advice received from the Tariff Commission under subsection (d) (2) and after seeking advice of the Secretary of Commerce and the Secretary of Labor, that such reduction or termination is in the national interest, and

(B) unless extended under paragraph (2), shall terminate not later than the close of the date which is 4 years after the effective date of the initial proclamation or the date of the enactment of this Act, whichever date is the later.

(2) Any increase in, or imposition of, any duty or other import restriction proclaimed pursuant to this section or pursuant to section 7 of the Trade Agreements Extension Act of 1951 may be extended in whole or in part by the President for such periods (not in excess of 4 years at any one time) as he may designate if he determines, after taking into account the advice received from the Tariff Commission under subsection (d) (3) and after seeking advice of the Secretary of Commerce and the Secretary of Labor, that such extension is in the national interest.

(d) (1) So long as any increase in, or imposition of, any duty or other import restriction pursuant to this section or pursuant to section 7 of the Trade Agreements Extension Act of 1951 remains in effect the Tariff Commission shall keep under review developments with respect to the industry concerned, and shall make periodic reports to the President concerning such developments.

(2) Upon request of the President, the Tariff Commission shall advise the President of its judgment as to the probable economic effect on the industry concerned of the reduction or termination of the increase in, or imposition of, any duty or other import restriction pursuant to this section or section 7 of the Trade Agreements Extension Act of 1951.

(3) Upon petition on behalf of the industry concerned, filed with the Tariff Commission not earlier than the date which is 9 months, and not later than the date which is 6 months, before the date any increase or imposition referred to in paragraph (1) or (2) of subsection (c) is to terminate by reason of the expiration of the 4-year period prescribed in paragraph (1) or an extension thereof under paragraph (2), the Tariff Commission shall advise the President of its judgment as to the probable economic effect on such industry of such termination.

(4) In advising the President under this subsection as to the probable economic effect on the industry concerned, the Tariff Commission shall take into account all economic factors which it considers relevant, including idling of productive facilities, inability to operate at a profit, and unemployment or underemployment.

(5) Advice by the Tariff Commission under this subsection shall be given on the basis of an investigation during the course of which the Tariff Commission shall hold a hearing at which interested persons shall be given a reasonable opportunity to be present, to produce evidence, and to be heard.

(e) The President, as soon as practicable, shall take such action as he determines to be necessary to bring trade agreements entered into under section 350 of the Tariff Act of 1930 into conformity with the provisions of this section. No trade agreement shall be entered into under section 201(a) unless such agreement permits action in conformity with the provisions of this section.

CHAPTER 5—ADVISORY BOARD

SEC. 361. ADJUSTMENT ASSISTANCE ADVISORY BOARD.

(a) There is hereby created the Adjustment Assistance Advisory Board, which shall consist of the Secretary of Commerce, as Chairman, and the Secretaries of the Treasury, Agriculture, Labor, Interior, and Health, Education, and Welfare, the Administrator of the Small Business Administration, and such other officers as the President deems appropriate. Each member of the Board may designate an officer of his agency to act for him as a member of the Board. The Chairman may from time to time invite the participation of officers of other agencies of the executive branch.

(b) At the request of the President, the Board shall advise him and the agencies furnishing adjustment assistance pursuant to chapters 2 and 3 on the development of coordinated programs for such assistance, giving full consideration to ways of preserving and restoring the employment relationship of firms and workers where possible, consistent with sound economic adjustment.

(c) The Chairman may appoint for any industry an industry committee composed of members representing employers, workers, and the public, for the purpose of advising the Board. Members of any such committee shall, while attending meetings, be entitled to receive compensation and reimbursement as provided in section 401(3). The provisions of section 1003 of the National Defense Education Act of 1958 (20 U.S.C. 582) shall apply to members of such committee.

TITLE IV—GENERAL PROVISIONS

SEC. 401. AUTHORITIES.

The head of any agency performing functions under this Act may—

(1) authorize the head of any other agency to perform any of such functions;

(2) prescribe such rules and regulations as may be necessary to perform such functions; and

(3) to the extent necessary to perform such functions, procure the temporary (not in excess of one year) or intermittent services of experts or consultants or organizations thereof, including stenographic reporting services, by contract or appointment, and in such cases such services shall be without regard to the civil service and classification laws, and, except in the case of stenographic reporting services by organizations, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5). Any individual so employed may be compensated at a rate not in excess of \$75 per diem, and, while such individual is away from his home or regular place of business, he may be allowed transportation and not to exceed \$16 per diem in lieu of subsistence and other expenses.

SEC. 402. REPORTS.

(a) The President shall submit to the Congress an annual report on the trade agreements program and on tariff adjustment and other adjustment assistance under this Act. Such report shall include information regarding new negotiations, changes made in duties and other import restrictions of the United States, reciprocal concessions obtained, changes in trade agreements in order to effectuate more fully the purposes of the trade agreements program (including the incorporation therein of escape clauses), the results of action taken to obtain removal of foreign trade restrictions (including discriminatory restrictions) against United States exports, remaining restrictions, and the measures available to seek their removal in accordance with the purposes of this Act, and other information relating to the trade agreements program and to the agreements entered into thereunder.

(b) The Tariff Commission shall submit to the Congress, at least once a year, a factual report on the operation of the trade agreements program.

SEC. 403. TARIFF COMMISSION.

(a) In order to expedite the performance of its functions under this Act, the Tariff Commission may conduct preliminary investigations, determine the scope and manner of its proceedings, and consolidate proceedings before it.

(b) In performing its functions under this Act, the Tariff Commission may exercise any authority granted to it under any other Act.

(c) The Tariff Commission shall at all times keep informed concerning the operation and effect of provisions relating to duties or other import restrictions of the United States contained in trade agreements entered into under the trade agreements program.

SEC. 404. SEPARABILITY.

If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of this Act, and of the application of such provision to other circumstances or persons, shall not be affected thereby.

SEC. 405. DEFINITIONS.

For purposes of this Act—

(1) The term "agency" includes any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States.

(2) The term "duty or other import restriction" includes (A) the rate and form of an import duty, and (B) a limitation, prohibition, charge, and exaction other than duty, imposed on importation or imposed for the regulation of imports.

(3) The term "firm" includes an individual proprietorship, partnership, joint venture, association, corporation (including a development corporation), business trust, cooperative, trustees in bankruptcy, and receivers under decree of any court. A firm, together with any predecessor, successor, or affiliated firm controlled or substantially beneficially owned by substantially the same persons, may be considered a single firm where necessary to prevent unjustifiable benefits.

(4) An imported article is "directly competitive with" a domestic article at an earlier or later stage of processing, and a domestic article is "directly competitive with" an imported article at an earlier or later stage of processing, if the importation of the imported article has an economic effect on producers of the domestic article comparable to the effect of importation of articles in the same stage of processing as the domestic article. For purposes of this paragraph, the unprocessed article is at an earlier stage of processing.

(5) A product of a country is an article which is the growth, produce, or manufacture of such country.

(6) The term "modification", as applied to any duty or other import restriction, includes the elimination of any duty.

Passed the House of Representatives June 28, 1962.

Attest:

RALPH R. ROBERTS, *Clerk.*

The CHAIRMAN. Also, I insert at this point in the record reports on the bill received from the Department of Defense, and Small Business Administration.

(The departmental reports follow:)

THE SECRETARY OF DEFENSE,
Washington, July 18, 1962.

HON. HARRY FLOOD BYRD,
*Chairman, Committee on Finance,
U.S. Senate.*

DEAR MR. CHAIRMAN: Reference is made to your request for the views of the Department of Defense with respect to H.R. 11970, the proposed Trade Expansion Act of 1962.

The Department of Defense strongly supports this measure primarily because it would strengthen our own defenses by improving our world trade position. I regard this effect of the act as at least as important as its consequences for the economy of our European allies, enabling them to take a larger share of the burden of free world defense programs.

For some time I have been deeply concerned about the effect of our balance-of-payments deficit on our ability to maintain oversea troop deployments. As you know, we have, at the President's instance, just announced a goal of reducing the balance-of-payments impact of defense expenditures by \$1 billion in the current fiscal year. The Trade Expansion Act should go far toward improving our balance of trade in order to offset the remaining balance-of-payments deficit from our defense activities.

We have been advised by the Bureau of the Budget that there is no objection to the submission of this report to the committee and that enactment of H.R. 11970 would be in accord with the program of the President.

Sincerely,

ROBERT S. MCNAMARA

STATEMENT OF JOHN E. HORNE, ADMINISTRATOR, SMALL BUSINESS ADMINISTRATION,
TO COMMITTEE ON FINANCE, U.S. SENATE, ON H.R. 11970

I am pleased to have this opportunity to urge the adoption of H.R. 11970, the Trade Expansion Act of 1962.

The aim of the small business concern, like that of firms of all sizes, is for an economic climate conducive to prosperity and growth: an opportunity to sell in as large a market as possible on terms no less favorable than those available to competitors. A national trade policy which achieves such a goal will serve the needs of small as well as large businesses.

SMALL BUSINESS AND EXPORT TRADE

Our foreign trade is an important aspect of the prosperity we enjoy within our own borders. A substantial number of small firms share in the jobs and income deriving directly or indirectly from this trade.

In 1961 exports alone amounted to over \$20 billion. An estimated 3.1 million jobs are attributable to this export business.

It is characteristic of our economy that domestic small business owners, whose fortunes are inseparable from those of the whole economy, share in our general prosperity. Small business infuses and contributes to every part of the domestic economy. As various world events affect our national economy, those effects are transmitted to small firms as well as to large. It might be said that, as the whole economy goes, so goes small business.

To achieve the growth necessary to support our future population at living standards at least equal to those of the present, it seems incontrovertible that each sector of the economy must expand. And, since international trade forms one of the significant outlets for the sale of American production, the proportionate scale of that contribution must expand. The Trade Expansion Act provides the kind of economic engineering which is basic to our future growth.

If we elect to stay behind tariff walls which will call forth similar restrictions abroad barring our exports, we may well be erecting barriers to economic growth at home. To meet increases in population and therefore in jobs and business opportunities, we must progress to new levels of economic activity. If we do not, we shall see the results in unemployment and business failures.

If the rate of growth in the gross national product (GNP) in the next decade is small, the opportunities for finding employment or entering business will be curtailed. If, on the other hand, the rate of growth is adequate, small business will prosper. In my judgment, H.R. 11970 is a means of fostering this essential growth.

The dynamics of our GNP is a basic consideration in terms of which we must judge everything we do about the economy. Our economic growth in the 1950's averaged 2.4 percent, which was not enough to induce optimum utilization of our resources—human, financial, and material. The rate of increase in the next 10 years should exceed 3 percent per year if we are to absorb most of our growing labor force, if we are to provide sufficient opportunities for those in business and those seeking to enter business. If we are to provide full employment, our growth should be at least 4 percent per year in GNP. And, as the President noted in his Economic Report, "Increasing our growth rate to 4½ percent per year lies within the range of our capabilities during the 1960's."

If we are to attain this growth rate, it is important that exports continue to contribute at least their present proportion of the total demand for goods and services which makes possible any given level of production. Export sales by 1975, for example, must progress from the present level of \$20 billion to the level of \$30 billion. Assuming no basic departure in the form of our economy, it is difficult to see any other structural changes between now and then which could provide \$30 billion of demand for domestically produced goods.

To achieve the desired growth we need a trade policy commensurate to the economic dimensions of the 1960's and 1970's. It is in terms of this growth potential, and in terms of the tools needed to fulfill that potential, that the proposed Trade Expansion Act holds so much hope.

The committee has received testimony from those who have daily contact with the development of the European Common Market, with the challenge which that development holds out for us; the growing economic power of the Soviet bloc; and the flow of American investment capital into the countries of the European Economic Community.

I should simply like to point out one aspect of these matters which has a critical impact upon small business. A flow of capital to Europe creates far more jobs and business opportunities in Europe than here. The new inner market has the potential of a powerful economic magnet. It will attract both American dollars and products. If we are to create jobs and business opportunities at home, then we must arrange for our products to gain access abroad; otherwise,

only our dollars will. Small firms are suppliers of components and services to large firms. If those large firms locate abroad, it is clear that there results a deterioration in the opportunities and prospects for small business at home.

These matters are peculiarly pertinent to small business and to the work of the Small Business Administration. The services we provide, the loans we make, are to aid small firms to compete more effectively. But there is an obvious limit to what we can do; or what any Federal agency can do; or, indeed, what the small business community itself can do, if there are barriers beyond which all efforts will be unavailing. High foreign tariffs and other restrictions, resulting in the limitation of market opportunities, constitute such barriers. Under such circumstances, the most that any small businessman can do, with or without Federal assistance, is to attempt to increase his share of a market the size of which is finite. In speaking of foreign trade opportunities, therefore, we are talking about the size of the apparatus of competition itself.

From the point of view of the Small Business Administration, a national inability to exploit foreign trade opportunities may well be reflected in our own inability to assist existing small businesses to produce and sell at levels of full capacity or to expand to higher levels of capacity. Similarly, we will be severely hampered in our efforts to assist the man who wishes to go into business, because he will be trying to enter a room which will become increasingly crowded and from which there is no exit save that of business failure.

SBA is endeavoring to keep abreast of foreign trade developments. Within the framework of our existing national trade policy, the Small Business Administration has developed a working arrangement with the Department of Commerce in order to maximize the efforts of both agencies in foreign trade. We have established the nucleus of a Foreign Trade Division, and have also undertaken research on small business opportunities in foreign trade. The objective is to stimulate interest in export trade; to develop means for teaching small businessmen the intricacies of that trade; and to develop information sources and channels which will make it easier for them not only to find export markets but also to facilitate their entry into such markets.

But we at the Small Business Administration are keenly aware that if foreign tariff walls are erected, or if there is a marked disparity between the conditions imposed upon those who produce within and without those walls, then there is little that we can do to help the small businessman. A large firm possessed of great resources and large production may penetrate foreign tariff barriers, even in some cases at a loss. Generally, a small firm cannot do so, or finds it extremely difficult at best. He can compete only when he can sell a quality product at competitive prices directly to foreign markets and the availability of those markets depends upon our trade policies. This simple fact is at the heart of the small business community's interest in the Trade Expansion Act of 1962.

SMALL BUSINESS AND IMPORT COMPETITION

Traditionally, the fear of adverse effects arising from increased imports has been the ostensible motivation of those who have opposed a liberal trade policy. I am aware of the arguments that small business is being offered up as a sacrifice to free trade; that small business is notoriously inefficient and will therefore be destroyed by foreign competition; that the small businessman is set in his ways and will be unable to adapt himself to a changing trade pattern; that any form of adjustment assistance to affected firms constitutes a Federal subsidy.

These arguments, of course, should be carefully evaluated. I believe, though, that they have been exaggerated.

These contentions are neither fresh nor novel. They recall fears expressed as to the decline of American industry at the time of the adoption in 1934 of the Trade Agreements Act advocated by the late Secretary of State, Cordell Hull.

The intervening years have shown that the fears voiced at the time were groundless. A leading national magazine in 1933 reported that \$5 billion would be lost and over 270,000 workers discharged if the Trade Agreements Act were adopted. Early this year, the same magazine endorsed the legislation now being considered.

The dire consequences envisioned in 1933 have simply not materialized. The value of GNP in current dollars has expanded tenfold; even in terms of constant dollars it has more than tripled. At the same time the per capita value of GNP in constant dollars has increased by more than 100 percent. In 1933, we exported \$2.4 billion of merchandise and imported the same amount; in

1961 we exported \$20 billion, exclusive of military, and imported \$15 billion. Here, certainly, is an expression of growth in realized income, employment, and business opportunity.

The gloomy predictions of today are, in my opinion, no more valid than those of a generation ago.

There are, for example, those who argue that tariff reductions made possible under this legislation will result in abrupt dislocation of American firms and workers. This cannot be so under this legislation. A number of safeguards written into the legislation insures that no action taken under its authority can be either unexpected or precipitous. Further, to avoid the sudden impact of a surge of imported products into our economy as a result of substantial tariff reductions, the bill requires that the reductions generally will be put into effect in stages over a period of 5 years or more. This provision is designed to give firms and workers time and opportunity to adjust to the possible effects of such reductions.

The Secretary of Commerce has stated that 60 percent of our imports are noncompetitive; so we are simply talking about the remaining 40 percent. Even with respect to those imports which are competitive, this group covers a wide range of products with a correspondingly wide variation in the degree of competition we can expect.

It is very difficult to be specific about the expected impact of import competition on any single industry or on any particular firm and, therefore, on small business in general. But, even in those situations in which increased imports will require firms to make adjustments, the cause for alarm has been, in my opinion, greatly overstated. Obviously, some firms will be adversely affected. But there are those who argue that tariff reductions will render American industry, and particularly small firms, powerless to cope with problems arising from the introduction of competitive imports. Experience is generally to the contrary. With or without imports, the American economy is one of transition. Our economy has always been marked by constant changes in technology, marketing, and even managerial techniques. Its success has been, to a large degree, a reflection of its flexibility.

For example, with the advent of the automobile, there were whole series of businesses which became obsolete and were displaced. Manufacturers of harnesses, buggies, whips and other such products. In recent years the transition from aircraft to missile manufacturing has led to the disappearance of many small foundries, machine shops, and other product makers tributary to the aircraft complex. But, to compensate for these apparent losses, whole new industrial complexes have started since World War II and are making larger and larger contributions to the gross national product.

Thus, industries and businesses become obsolete, go out of existence, simply as a result of change. New products, new processes, new techniques, new technology, research and development—all of these bring about the decline of employment in some areas and industries, and growth in others.

If H.R. 11970 is enacted, there will be products imported which may present severe competition to some American producers. At the same time other industries will receive immediate stimulation because of overseas sales, which will be reflected in expanded business opportunities and employment.

Even in the case of domestic firms having to face competition from imports, it will not be simply a case of such firms folding up under price competition from foreign products. Much depends upon the management of the firm involved. Many American firms have already learned to meet foreign competition head on, and to beat it through increased efficiency, better application of management and labor skills, and more aggressive marketing. Our system of free enterprise has become strong because it has been characterized by tough competition. Foreign competition is not a different kind of competition, it is simply more of the same.

Small Business Administration is in business to help the small firm improve its competitive capabilities. We know that small firms, possibly because of their very size, possess a resiliency and flexibility that many a large firm does not.

There is no reason to believe that foreign competition will impair the inventiveness, adaptability, ability to specialize, or the type of personal service in which small business excels. There are many handicaps the small businessman faces, but I feel confident that his ability, supplemented when necessary by Government programs at the State and Federal levels, will assure his continued role as a major factor in our economy.

SMALL BUSINESS AND ADJUSTMENT ASSISTANCE

I would like to emphasize some points about the assistance provisions which are of particular relevance to small business, and briefly advert to SBA's role under the assistance program.

It is generally assumed that small business firms will constitute the majority of those applying for adjustment assistance. Since most small firms are not multiproduct producers, it should be much easier for them to show the degree of actual or threatened loss from foreign competition necessary to meet the criteria of the bill. Hence, such firms would be able to qualify for assistance more easily. The assistance features of the bill are a very significant development, since previously the only recourse of small firms injured by import competition was to apply for relief through tariff increases. For most small firms, the time and expense involved in such a procedure rendered it of little practical value.

The Small Business Administration will play a prominent role not only in administering such programs under the bill, but from the very outset in consultation with the Department of Commerce and other agencies constituting the Adjustment Assistance Advisory Board in determining whether such assistance is feasible under the firm's proposal for its economic readjustment. SBA is well qualified to undertake many of these technical and financial assistance functions since it already renders virtually identical assistance under the authority of the Small Business Act.

Under the provisions of this act, no financial assistance can be extended unless it is shown that such financing is not available from private sources. Small businesses, which even in the best of times have more difficulty in obtaining adequate financing than their larger competitors, are less likely to be excluded by such a provision. As under our current SBA programs, bank participation in loans will be encouraged and no loan or guaranty will be made unless there is a reasonable assurance of repayment.

It is important to note that the assistance program will not be a Government subsidy or handout. Firms able to pay for or defray the cost of technical assistance will be required to do so to the extent of their financial ability. It is equally important that under the bill, assistance will be provided to firms injured by imports to the maximum extent possible through the utilization of the authority, personnel, and facilities of existing agencies. This will serve to cut down administrative costs.

If, and to the extent that, existing agencies are unable to furnish such assistance, the residual authority of the Secretary of Commerce will be utilized.

On the one hand the safeguards which are written into the legislation are carefully designed to prevent the program from degenerating into an automatic disbursement of Government funds to any firm which alleges that it has been injured. On the other hand, the program is not so hedged with qualifications and restrictions as to make any assistance illusory. While there is much to be worked out, and there will undoubtedly be many problems which must be subjected to the tests of time, I believe that the program will be what it was designed to be: an effective method of enabling firms to adjust to the changing patterns of international trade.

CONCLUSION

The purposes that would be served by the Trade Expansion Act of 1962 are in complete accord with the congressional objectives expressed in the Small Business Act. Both are designed to improve the conditions of competition. Section 2 of the Small Business Act states, "that the essence of the American economic system of private enterprise is free competition. Only through full and free competition can free markets, free entry into business and opportunities for the expression of growth of personal initiative and individual judgment be assured. The preservation and expansion of such competition is basic not only to the economic well-being, but to the security of this Nation."

Just as the aims of the two pieces of legislation are thoroughly consistent, so too are the benefits to be gained from an implementation of the economic assumptions which underlie both. "The American businessman," as the President has stated, "once the authority granted by this bill is exercised, will have a unique opportunity to compete on a more equal basis in a rich and rapidly expanding market abroad * * *."

The CHAIRMAN. We are honored to have as our first witness today the Honorable Luther H. Hodges, Secretary of Commerce. Please have a seat, Mr. Secretary, and proceed.

STATEMENT OF HON. LUTHER H. HODGES, SECRETARY OF COMMERCE; ACCOMPANIED BY JACK N. BEHRMAN, ASSISTANT SECRETARY OF COMMERCE FOR INTERNATIONAL AFFAIRS; PETER T. JONES, DEPUTY ASSISTANT SECRETARY OF COMMERCE FOR TRADE POLICY; AND DEAN B. LEWIS, ASSISTANT GENERAL COUNSEL, INTERNATIONAL AFFAIRS

Secretary HODGES. Mr. Chairman, before I start the reading, may I thank you for the privilege of being before you. My testimony will be somewhat longer than the other members of the Administration primarily because I have been asked to take the lead in this, and try to put the entire bill in perspective. Succeeding witnesses will cover more specific phases of it.

I appreciate the opportunity to appear before this distinguished committee to urge your favorable consideration of H.R. 11970, the Trade Expansion Act of 1962. In my judgment it is one of the most important pieces of legislation, perhaps the most important, to come before the Congress in the last decade.

As you gentlemen know, one of the most vital objectives of our Government, and one of my most pressing concerns, is to achieve greater economic growth for the country as a whole and more jobs for its citizens.

Our gross national product has in recent years increased by an average of about 3 percent per year. In comparison with that of many of our free world trading partners, this record is not outstanding. The European Economic Community, since its formation, has averaged over 5 percent annual overall growth, with 7½ percent annual growth of industrial production alone.

Japan is moving ahead at a surprisingly high rate—about 15 percent annually. I do not say we should necessarily try to equal these records, for other nations have started from much lower down the scale of economic progress than ourselves, and so their growth is understandably more rapid. But we can and must do much better than we have.

We should, for instance, take up the slack in our economic machine. Important segments of American industry are currently operating below full capacity. We must eliminate this margin of idleness in order to step up our productive efficiency.

We need to improve greatly our current unemployment situation. In June of this year, the level of unemployment in this country was 5.5 percent—4,463,000 people were out of work. This is an improvement over last year's 7 percent rate, but it is not enough.

Some analysts seem to think that the United States has reached an economic plateau—that affluence has brought us to the point where expansion cannot be continued and stagnancy has set in.

I think they are wrong and I believe we can prove them wrong in the years ahead.

This administration's goal for the economy is to raise the annual growth rate of our GNP to 4.5 percent by the end of this decade, to get our plants working at full capacity, and to cut unemployment to 4 percent as soon as possible.

The only way to meet these targets is to sell more products, to expand the markets in which the goods of American industry, farms, mines, and fisheries are sold. In other words, greater production which means more jobs.

A more rapid economic growth is the first objective of the bill before you. The Trade Expansion Act will pave the way for greater growth of the U.S. economy by providing access to new expanding world markets, most immediately in the booming European Common Market.

Some of the greatest opportunities for increased American sales lie in fast-developing countries overseas. This act would give us a tool to break down the tariff barriers that currently restrict those sales. Ever since the reciprocal trade program was launched in 1934 by Cordell Hull, American export trade has prospered and grown.

Tariff-reducing authority under the most recent extension of that program, however, was almost entirely used up in our last round of trade negotiations, and on the 30th of June this year, it expired. We now need a new instrument of reciprocal trading to preserve and expand the country's export trade, thus adding to our economic strength, which is the foundation stone of all our efforts at home and abroad.

Of equal importance, this act fosters the strength, unity and prosperity of all nations of the free world—our common goal which carries with it the answer to communism's drive for world domination.

The distinguished Secretary of State, Dean Rusk, will deal with the highly significant foreign policy implications of the act, including the important matter of most-favored-nation treatment for such nations as Poland and Yugoslavia.

I will concentrate, Mr. Chairman, primarily on its role in helping us achieve greater economic growth here at home.

The United States exports more goods to foreign markets than any other country—in 1961 U.S. exports totaled a record \$20 billion. About \$15 billion of our exports represent manufactured and semi-manufactured goods—8 percent of our total production in these lines.

The other \$5 billion consists of farm products—12 percent of our total agricultural production. Out of our total sales of \$20 billion, something over \$2 billion was financed by our Government aid and support programs. Thus our strictly commercial exports were around \$18 billion.

However, our entire \$20 billion worth of exports constitute \$20 billion of orders for American farm and factory products from overseas markets. This is a greater volume of annual sales, for example, than the entire American automobile industry achieves in consumer purchases of cars, parts, and accessories.

Our exports provide us with an estimated 3.1 million jobs and additional profits that, in large measure, could not otherwise be achieved.

In comparison to this \$20 billion of exports, we imported \$14½ billion of goods from abroad last year, goods which are important

assets to our economy in many ways. They give us many essential raw materials without which much of our industry would quickly grind to a halt. They help present our customers with a range of choice broader than anywhere else in the world.

They provide a competitive stimulus that keeps our own industry technologically progressive, and they help check inflation. They earn profits and create jobs for the million or more Americans whose livelihoods are based on transporting, processing, and distributing imported goods.

It is estimated that some 60 percent of these imports are not significantly competitive with goods produced in this country. These are the bananas, the coffee, the tin, the nickel, the linen, the silk, and other articles which are simply not produced in significant quantity in this country.

I call your attention to a chart which illustrates how we rely on certain products. Showing there we have 100 percent of our imports in tin, 89 percent in nickel, 55 percent in zinc, 34 in copper and so forth and on the agricultural side, Mr. Chairman, 53 percent of our raw wool and 50 percent of our sugar.

The remaining 40 percent, or about \$6 billion, which are competitive with American production represent only about 2½ percent of our overall output of transportable goods.

We should not overlook the fact that our imports help other countries pay for our exports, and that after excluding Government-financed goods, our exports exceed the total value of our imports by some \$3 billion.

Mr. Chairman, I wish to call attention to the fact that this is the largest single net entry on the credit side of our balance of payments which, as you know, has been running at a sizable deficit in recent years and is a matter of concern to all of us.

The distinguished Secretary of the Treasury, Douglas Dillon, will discuss with you the relationship of the trade bill to this important subject.

For years, international trade has played a vital part in building a healthy and vigorous American economy. Yet while U.S. exports are large in volume, they have been relatively small in comparison to the gross national product of the U.S. economy—last year less than 4 percent, which is the lowest of any industrialized nation of the world.

Endowed with an abundance of natural resources and a large domestic market, the United States heretofore has not had the same need or urge to engage in foreign commerce as have certain competing countries whose percentage of GNP runs several times our 4-percent rate.

Consequently, we have in the past by no means taken full advantage of our opportunities for expanding the domestic economy by increasing our sales in the international marketplace.

In fact, we estimate that fewer than 4 percent of our manufacturers are engaged in export trade.

We are now entering a period of our Nation's history when these export sales can count for more than ever before. Changed conditions at home and abroad point to new opportunities for increased economic growth through export trade. More and more U.S. products will be flowing to Latin America as the Alliance for Progress stimulates

further development in that area. New markets for American-type commodities will also spring up in other areas, including the Commonwealth nations and various lesser developed countries, as the drive for economic development takes root in one country after another.

Japan, our second greatest customer, is expected to triple her purchases of foreign goods in the next decade and we must get our share. These opportunities cannot be fully realized unless the barriers to trade are reduced.

A still greater potential for the expanded sale of U.S. goods and services in the immediate future lies within the booming European Economic Community or Common Market—perhaps the most important economic development in the last decade, a development which I should now like to examine in some detail as it relates to the legislation now before you.

Mr. Chairman, the six present members of the Common Market have a population approximating our own and a combined gross national product almost half the GNP of the United States.

Negotiations are now taking place looking toward membership of the United Kingdom in the Common Market; and several other countries of Western Europe have applied for membership. Within the foreseeable future an integrated economy will be established comprising from 250 to 300 million people, with a productive capacity second only to that of the United States.

This enlarged and prosperous Common Market, perhaps embracing most of Western Europe, will create an opportunity of wholly new dimensions for U.S. exports, which last year amounted to \$6.3 billion to all Western Europe.

In recent years the Common Market has been growing at twice the rate of our own economy, and here is a chart which illustrates this principle. You see what has happened there, if I may go up here.

In our own U.S. market we have gone up from 1953 18 percent, whereas Canada has gone up 119, the European Trade Association of which Britain is now a member, is 124, while this Common Market we are discussing has moved up to 145 percent from a base of 100 in 1953.

Europe is experiencing the explosion of demand for consumer durables we have known for the last generation. The rise in personal income and the standard of living there will open up a vast market, as is dramatized by this chart comparing the Europeans' per capita use of consumer goods with our own.

You will see there, Mr. Chairman, out of every 100 people in the United States we have 95 radios against 23 in the Common Market.

Passenger cars we have 34 against their 7, television receivers 29 against 4, refrigerators 28 against 6, washing machines 27 against 6.

Anybody, who is interested in selling as we are, can see what a tremendous opportunity there is ahead for the sales of things that we do best, most efficiently and less costly.

Someone will have to sell them a great deal of merchandise before they reach our level, as you can see. In the next 10 years, the gross national product of the present and prospective Common Market nations is expected to rise by 50 percent or more.

There is one obstacle, however, to this new opportunity that we must overcome. In the process of creating a widened trade area, the Common Market is moving to eliminate all internal tariffs on goods traded between Common Market member countries.

Internal tariffs, that is between the six, others may join, others have already been out by an average of 50 percent on industrial goods and by 35 percent on a substantial number of agricultural commodities. Complete internal free trade will be established somewhat before 1970. At the same time, and here is the danger, the community is in process of establishing a uniform common external tariff applicable to goods imported into any European Economic Community member from a non-member country, including the United States.

In many cases, our exports to an EEC country compete with those from another EEC member, whose goods will soon be duty-free. Because of this, the height of the EEC's common external tariff wall becomes of critical importance to U.S. exports.

If the Market's external duties remain at scheduled levels, our ability to compete in Europe will sharply decrease and our exports can be expected to suffer accordingly.

For example, no duty will be imposed on German tires or radio and television parts sold anywhere within the EEC but these same articles produced in America if sold to a Common Market member will be subject to a duty of 18 percent, or \$1,800 for every \$10,000 order.

These are just examples of the general pattern of the tariff disadvantages now scheduled to develop for most of the industrial products we sell today to the present and prospective members of the Common Market.

It is expected that under the EEC's new Common Agricultural Policy there will be disadvantages of similar effect facing some of the important agricultural commodities we now sell to Europe—wheat, feed grains, poultry, and rice, for example. The Community's new Common Agricultural Policy with its variable duties and other features poses a serious problem which the distinguished Secretary of Agriculture, Orville Freeman, will discuss with you.

It is generally accepted that if we have to pay the scheduled common external tariff rates of the Common Market while our European competitors go duty-free, we stand to lose a substantial amount in annual sales we would otherwise be able to make to the expanded EEC market.

Thus, the adverse effect of the new EEC trade policies on our agricultural and industrial exports could lead to a serious reduction in jobs and profits, a loss of tomorrow's rich opportunities for economic growth, and a severe blow to the bonds of cooperation upon which a strong Atlantic alliance must be based.

To avoid this possibility, Mr. Chairman, and gentlemen, the Common Market must be encouraged to implement its announced policy of liberal trade by making substantial reductions in its external tariffs. We must bargain to obtain for American producers essentially the same duty-free tariff treatment that is given to our European counterparts in the EEC, so that we can compete with them on a similar tariff footing.

There is only one way to accomplish this. We must negotiate a new trade agreement with the Common Market countries. We must

bargain for reductions in their tariff rates on goods we want to sell them by offering in exchange to lower our tariffs on goods in which they have a trading interest here.

In order to make such a bargain, our negotiators must be equipped with the kind of authority contained in the Trade Expansion Act of 1962. As I mentioned, our tariff-negotiating authority under previous legislation has been used up and has now expired.

Let me now examine the new act's most important provisions, beginning with those that directly concern our trade relations with the Common Market. As I do not want to take up your time with a lengthy description of the bill, I would like to insert in the record an annex to my statement which presents the bill's provisions in greater detail than my discussion.

The CHAIRMAN. Without objection.
(The annex referred to follows:)

ANNEX A

PRINCIPAL FEATURES OF THE BILL

(As stated in H. Rept. 1818, the report of the Committee on Ways and Means, submitted on June 12, 1962, to accompany H.R. 11970)

A. AUTHORITY TO ENTER INTO TRADE AGREEMENTS (SEC. 201(a))

The President is authorized to enter into foreign trade agreements from July 1, 1962, through June 30, 1967.

B. AUTHORITY TO MODIFY IMPORT RESTRICTIONS

(1) *Basic authority (sec. 201(b))*

The President is authorized to reduce duties by 50 percent of the July 1, 1962 level and to increase duties to 50 percent over the July 1, 1934 level. This is the basic authority and is not supplanted by other authorities discussed below. He can also impose additional import restrictions (e.g., quotas).

(2) *EEO authority (secs. 211 and 212)*

The President is authorized to reduce by more than 50 percent duties on articles within categories when he has determined that the United States and the countries composing the European Economic Community (EEC—popularly referred to as the Common Market) together accounted for 80 percent or more of the free world trade in such categories of articles in a representative period. The President is to select an international statistical classification system which the Tariff Commission will translate into U.S. tariff terms. Section 211 authority cannot be used in the case of an article referred to in the agricultural publication named in the following paragraph.

The President is authorized, in an agreement with the EEC, to reduce by more than 50 percent duties on articles referred to in "Agricultural Handbook No. 143," U.S. Department of Agriculture, as issued in September 1959, whenever the President determines that such an agreement will tend to assure the maintenance or expansion of U.S. exports of like articles.

(3) *Tropical commodity authority (sec. 213)*

The President is authorized to reduce by more than 50 percent duties on tropical agricultural or forestry commodities whenever he determines that like commodities are not produced in significant quantities in the United States. This authority is also conditioned on a Presidential determination that the EEC has made a commitment with respect to its duties or other import restrictions which will tend to assure access for such a tropical agricultural or forestry commodity to its markets comparable to the access which such commodity would have to the U.S. markets.

(4) *Low rate articles authority (sec. 202)*

The President may reduce duties by more than 50 percent where the rate was 5 percent ad valorem or less on July 1, 1962.

(5) Limitations on use of authority

(a) Reservation of articles from negotiations (sec. 225): In addition to articles covered by outstanding proclamations under the national security or escape-clause provisions of existing law, or the bill, the President would be required, in certain circumstances, to reserve from negotiations any article with respect to which the Tariff Commission found that imports of such article were seriously injuring or threatening such injury to the domestic industry concerned. These articles would be reserved for a 4-year period which begins on the date of enactment of this bill where, within that time, the President includes any such articles on a proposed negotiating list and the Tariff Commission finds and advises him, upon application of the interested industry, that the economic conditions in such industry have not substantially improved since the date of the last Tariff Commission escape-clause investigation.

(b) National security provisions (sec. 232): The bill retains present provisions governing the authority of the President to take action to adjust the level of imports when he finds they threaten to impair the national security.

(c) Staging requirements (sec. 253): The bill requires, in general, that tariff reductions would be made in no less than five annual stages, except in the case of the exercise of the tropical commodity authority.

(d) Communist furs: The bill continues in force the present embargo on certain furs and skins which are the product of the U.S.S.R. or China (sec. 257(e)(1)).

C. PREAGREEMENT PROCEDURES AND SAFEGUARDS**(1) Tariff Commission procedures (sec. 221)**

The bill requires the Tariff Commission to advise the President as to the economic effect of any proposed trade agreement action with respect to any article. The President is required to furnish the Tariff Commission with a list of articles which he contemplates negotiating upon, and the Commission is required within 6 months thereafter, to give him this advice. Hearings must be held by the Tariff Commission and all interested persons must be given opportunity to present their views.

(2) Other hearings (sec. 223)

The President is required to afford interested persons an opportunity to present their views on matters pertinent to a trade agreement negotiation to an agency or interagency committee which he designates. Such committee is required to hold public hearings. These hearings would mainly center about the composition of the U.S. negotiating list and the nature of concessions which the United States should seek to obtain from foreign countries with whom the agreement is proposed to be negotiated.

D. GENERAL PROVISIONS RELATING TO TRADE AGREEMENTS**(1) Special representative (sec. 241)**

The President is to appoint a special representative for trade negotiations who would be the chief representative of the United States at any negotiations conducted under the bill. He would have the rank of ambassador extraordinary and plenipotentiary, and be an ex-officio member of the organization referred to in the next section.

(2) Interagency trade organization (sec. 242)

The President is required to establish a Cabinet-level interagency trade organization. This organization would advise the President on trade agreement matters, including tariff adjustment for seriously injured industries and foreign import restrictions referred to in 5(b) below.

(3) Congressional delegates (sec. 243)

Two Members of the House of Representatives and two Members of the Senate are to be accredited to U.S. trade agreement delegations. Those congressional delegates would observe trade agreement negotiations in which the United States is participating.

(4) Reports to Congress (secs. 226 and 402)

The President is required to transmit to each House of Congress a copy of each trade agreement entered into under this new authority, together with a statement of his reasons for entering into such agreement.

The President and the Tariff Commission are also required to submit annual reports to the Congress on programs under the bill.

(5) Most-favored-nation principle (sec. 251)

The bill provides that in general import restrictions proclaimed under the bill will be extended to products of all countries. The principal exceptions are—

(a) Communist products (sec. 231): The President is to take action as soon as practicable to prevent the application of trade agreement benefits to products of Communist countries or areas. The scope of the definition "Communist country" has been broadened with the intended effect of requiring denial of trade agreement benefits to products of Cuba, Poland, and Yugoslavia.

(b) Foreign import restrictions (sec. 252): The bill requires the President to take all appropriate and feasible steps in his power to eliminate unjustifiable foreign import restrictions which impair the value of tariff commitments made to the United States, oppress the commerce of the United States, or prevent the expansion of trade. He may not, however, give concessions on U.S. duties in order to accomplish this end.

Further, the President is required, to the extent that such action is consistent with the purposes stated in the bill, to prevent the application of trade agreement benefits to products of countries which maintain unwarranted nontariff trade restrictions against the United States or which engage in discriminatory acts or policies which unjustifiably restrict U.S. commerce.

E. POSTAGREEMENT SAFEGUARDS—ADJUSTMENT ASSISTANCE

(1) Petitions for assistance (sec. 301)

Any firm, group of workers, or industry seeking tariff adjustment or other adjustment assistance may petition the Tariff Commission.

(2) Tariff Commission investigations (sec. 221)

Upon receipt of such petition, the Tariff Commission is required to promptly make an investigation to determine whether as a result of concessions granted on an article in trade agreements, such article is being imported into the United States in such increased quantities as to cause or threaten serious injury to the domestic industry concerned. The Commission is authorized to take into account all economic factors which it considers relevant, including idling of productive facilities, inability to operate at a profit, and unemployment or underemployment.

The Commission must complete the industry investigation within 120 days (which period may be extended 30 additional days by the President). Reports of determinations as to the basic eligibility of a firm or a group of workers to apply for adjustment assistance of a nontariff nature must be made by the Tariff Commission within 60 days from the receipt of any petition.

The Commission must report the results of all investigations to the President. Should the Commission find, in an industry investigation, that there is serious injury, it is required to make a finding as to the amount of tariff adjustment which is necessary to prevent or remedy such injury.

No industry can be given tariff adjustment, nor may any firm or group of workers be given adjustment assistance, unless there is a finding that the conditions in such industry or firm or the unemployment conditions within the group of workers, have been caused by increased imports resulting from trade agreement concessions.

(3) Presidential action (sec. 351)

After receiving a report from the Tariff Commission containing an affirmative finding with respect to an industry, the President is authorized to adjust the tariff to a level not in excess of 50 percent above the July 1, 1934, rate of duty, or to impose additional import restrictions (such as quotas) or to do both. The President, in addition, also may permit the workers and firms in such industry to be certified to be eligible to apply for adjustment assistance.

If the President takes tariff action, such action will be reviewable periodically by the President and may be reduced or terminated or extended by the President after he receives advice from the Tariff Commission. The bill provides that outstanding escape-clause proclamations, made pursuant to section 7 of the Trade Agreements Extension Act of 1951, would be treated in the same manner as tariff increases proclaimed under section 351.

(4) *Congressional action (sec. 351(a)(2))*

In cases where the President does not take the action found by the Tariff Commission to be necessary to prevent or remedy serious injury, the bill requires Presidential implementation of a Tariff Commission finding in an escape-clause case upon the adoption by the Congress, by a majority of the authorized membership of each House, of a resolution approving the action found by the Commission to be necessary.

(5) *Assistance to firms (sec. 311 et seq.)*

Any firm which is certified to be eligible for adjustment assistance may file an application with the Secretary of Commerce. Such assistance to firms is premised upon the certification of a sound economic adjustment proposal, reflecting the maximum self-help on the part of the firm and appropriate consideration of the interests of the firm's workers.

Adjustment assistance to firms may be given in the form of technical assistance, loans (or loan guarantees or deferred loan participation agreements), or permission to carry back a net operating loss (for Federal income tax purposes) for 5 years rather than the usual 3 years.

(6) *Assistance to workers (sec. 321 et seq.)*

Adversely affected workers would be eligible to receive adjustment assistance, in the form of weekly allowances (payable during periods of unemployment or retraining), retraining, and, in certain cases, relocation allowances. Allowances will be payable only to workers who have been employed substantially over the previous 3 years, who have been attached for at least 6 months in the last year to a firm or firms or subdivisions thereof found to be affected by imports, and who have become unemployed because of lack of work due to the effect of increased imports on such a firm after the enactment of this bill.

The trade adjustment allowance will be 65 percent of the worker's average weekly wage, subject to a limitation of 65 percent of the national average manufacturing wage. These allowances are to be received for a duration of no more than 52 weeks, with two exceptions—one to assist in completing retraining and one for workers over 60. Allowances may not be paid to workers who refuse, without good cause, to take or complete retraining unless they accept or return to approved retraining.

Secretary HODGES. In order to cope successfully with the new opportunity and challenge offered by the EEC, U.S. trade negotiators could make use of two major authorities contained in this bill.

The first of these—the general authority (sec. 201)—authorizes the President to proclaim, with certain safeguarding exceptions, a 50-percent gradual reduction of U.S. duties existing on July 1, 1962, pursuant to trade agreements with the EEC and other free world nations.

Though the need for trade bargains with the EEC is perhaps the most urgent, we must also seek to secure favorable treatment for our exports to the entire free world. And the general 50-percent authority is equally essential for this purpose, as I will discuss later.

With the EEC the 50-percent authority will certainly be helpful in overcoming the challenges which the common external tariff represents to our exports, which I have just discussed. But this 50-percent authority by itself is not enough to accomplish our objectives concerning the European Common Market. If we were able to reduce our tariffs by no more than 50 percent, the EEC could then be expected to hold down its reductions, still leaving an external tariff wall as a formidable barrier against many particularly important U.S. export products which compete with duty-free rival EEC goods.

Therefore we also need a special authority (sec. 211) for negotiating with the European Economic Community to give us the necessary additional flexibility and bargaining power to remove this handicap on particularly important items. The EEC is moving to internal free

trade or zero tariff; we need authority to go to zero on certain items, too.

The special authority would authorize the President to reduce beyond 50 percent or to eliminate gradually—to give ample time to our producers to adjust—all tariff and other trade restrictions on those categories of goods in which the United States and the expanded Common Market together supply 80 percent or more of free world export value and thus together dominate the free world export market in those goods.

Mr. Chairman and gentlemen, there are probably 20 to 30 categories where we and they together manufacture and ship more than 80 percent of the free world total which will be subject to this particular provision.

The exact items included under this authority can only be determined finally at a point closer to the negotiations, but in general they will include a substantial portion of our industrial hard goods—machinery, transportation equipment, and metal manufactures—and a significant number of consumer hard goods. They will also, to a very large extent, be commodity categories in which we and the Common Market export more than we import and which in the main are characterized by advanced technology, relatively high capitalization, and relatively low labor input per unit of production.

These categories are, in general, those in which no controlling advantage is gained from the availability of an abundant supply of labor at low wage rates. In accordance with the 80-percent formula, these categories of goods are not now produced and exported in large quantities by third countries.

Indeed they include industries which, in our U.S. economy, pay relatively high wages compared with some of our import-sensitive industries.

The 80-percent formula selects those goods of which the United States and the Common Market are major suppliers to the world. The formula, therefore, contemplates a gradual reduction and possible elimination of U.S. and EEC tariffs on items or categories of goods in which we and they have a common export interest.

Where appropriate, a gradual move to free trade or zero tariff on a common list of categories of goods of major interest to both European and American exporters would have significant advantages. It would also be in keeping with the policy and the techniques of tariff reduction within the Common Market itself.

Past discrepancies in U.S.—EEC tariff levels would tend to be washed out, and industries on each side would have the assurance that their foreign competitors will receive the same tariff treatment.

For example, as part of an overall agreement the 14 percent EEC tariff and the 8½ percent U.S. tariff on parts for trucks and cars might both be brought gradually to zero.

I think it is absolutely essential that our negotiators have this bargaining authority in negotiations with the EEC if we are to have any reasonable expectation of obtaining duty-free treatment from the EEC and of thus eliminating the crippling competitive disadvantage that we would otherwise face.

This authority is consistent with the direction taken by tariff legislations in the past. Twice in the past, U.S. tariff legislation has au-

thorized major cuts of up to 50 percent. In many cases such cuts equal or exceed a reduction to zero from present rates.

One point that I think is worth noting—when we talk of reducing tariffs to zero, in many cases this means a reduction of not many percentage points; contrary to normal belief the average U.S. tariff on industrial goods is 11 percent, and many are well below this level.

The step from a tariff of about 11 percent to zero is not as great as many tariff cuts that have been made under past reciprocal trade legislation.

Mr. Chairman, we will have a sheet available for any of you if you want to show the history from 1934 to present to show what has happened.

It is of course important that the system of classification of products by category be drawn up and made public as soon as possible, and the bill provides that this will be done. It is anticipated that the system which will be chosen is the one shown in annex B, which, Mr. Chairman, I will submit for the record showing the classification.

The CHAIRMAN. Without objection.

(Annex B referred to follows:)

ANNEX B

STANDARD INTERNATIONAL TRADE CLASSIFICATION

The Standard International Trade Classification (SITC), is a systematic arrangement of all commodities of international trade which is designed to facilitate the reporting of international trade statistics on a uniform basis and has found wide use for this purpose. It has found broad acceptance as a basis for tariff schedules by numerous countries, including the European Economic Community. It is also used by the United Nations in trade compilations in Yearbook of International Trade Statistics, Commodity Trade Statistics, Current Economic Indicators, and Monthly Bulletin of Statistics. In reporting trade statistics to the United Nations, the U.S. Bureau of the Census converts into SITC categories the basic data collected in terms of schedule A numbers for imports and schedule B numbers for exports.

The SITC, revised, consists of 10 sections of one-digit classifications. These are further broken down into 58 divisions (two digits), 177 groups (three digits) and 625 subgroups (four digits). Of these subgroups, 275 are further divided (into 944 subsidiary headings) either to provide additional detail of economic interest or to permit exact correspondence with the Brussels Tariff Nomenclature.

A list of all three-digit groups in the SITC, revised, is attached. It is expected that this classification system will be that chosen under section 211(b)(1)(A) of H.R. 11970.

THREE DIGIT GROUPS

- 001 Live animals.
- 011 Meat, fresh, chilled, or frozen.
- 012 Meat, dried, salted or smoked, whether or not in airtight containers.
- 013 Meat in airtight containers, not elsewhere specified, and meat preparations, whether or not in airtight containers.
- 022 Milk and cream.
- 023 Butter.
- 024 Cheese and curd.
- 025 Eggs.
- 031 Fish, fresh and simply preserved.
- 032 Fish, in airtight containers, not elsewhere specified, and fish preparations, whether or not in airtight containers (including crustacea and mollusks).
- 041 Wheat (including spelt) and meslin, unmilled.
- 042 Rice.
- 043 Barley, unmilled.
- 044 Maize (corn), unmilled.

- 045 Cereals, unmilled, other than wheat, rice, barley, and maize.
- 046 Meal and flour of wheat or of meslin.
- 047 Meal and flour of cereals, except meal and flour of wheat or of meslin.
- 048 Cereal preparations and preparations of flour and starch of fruits and vegetables.
- 051 Fruit, fresh, and nuts (not including oil nuts), fresh or dried.
- 052 Dried fruit (including artificially dehydrated).
- 053 Fruit, preserved and fruit preparations.
- 054 Vegetables, fresh, frozen or simply preserved (including dried leguminous vegetables); roots, tubers and other edible vegetable products, not elsewhere specified, fresh or dried.
- 055 Vegetables, roots and tubers, preserved or prepared, not elsewhere specified, whether or not in airtight containers.
- 061 Sugar and honey.
- 062 Sugar confectionery and other sugar preparations (except chocolate confectionery).
- 071 Coffee.
- 072 Cocoa.
- 073 Chocolate and other food preparations containing cocoa or chocolate, not elsewhere specified.
- 074 Tea and mate.
- 075 Spices.
- 081 Feeding-stuff for animals (not including unmilled cereals).
- 091 Margarine and shortening.
- 099 Food preparations, not elsewhere specified.
- 111 Nonalcoholic beverages, not elsewhere specified.
- 112 Alcoholic beverages.
- 121 Tobacco, unmanufactured.
- 122 Tobacco manufactures.
- 211 Hides and skins (except fur skins), undressed.
- 212 Fur skins, undressed.
- 221 Oil seeds, oil nuts, and oil kernels.
- 231 Crude rubber (including synthetic and reclaimed).
- 241 Fuel wood and charcoal.
- 242 Wood in the rough or roughly squared.
- 243 Wood, shaped or simply worked.
- 244 Cork, raw and waste.
- 251 Pulp and waste paper.
- 261 Silk.
- 262 Wool and other animal hair.
- 263 Cotton.
- 264 Jute.
- 265 Vegetable fibers, except cotton and jute.
- 266 Synthetic and regenerated (artificial) fibers.
- 267 Waste materials from textile fabrics (including rags).
- 271 Fertilizers, crude.
- 273 Stone, sand and gravel.
- 274 Sulfur and unroasted iron pyrites.
- 275 Natural abrasives (including industrial diamonds).
- 276 Other crude minerals.
- 281 Iron ore and concentrates.
- 282 Iron and steel scrap.
- 283 Ores and concentrates of nonferrous base metals.
- 284 Nonferrous metal scrap.
- 285 Silver and platinum ores.
- 286 Ores and concentrates of uranium and thorium.
- 291 Crude animal materials, not elsewhere specified.
- 292 Crude vegetable materials, not elsewhere specified.
- 321 Coal, coke, and briquettes.
- 331 Petroleum, crude and partly refined for further refining (excluding natural gasoline).
- 332 Petroleum products.
- 341 Gas, natural and manufactured.
- 351 Electric energy.
- 411 Animal oils and fats.
- 421 Fixed vegetable oils, soft.
- 422 Other fixed vegetable oils.

- 431 Animal and vegetable oils and fats, processed, and waxes of animal or vegetable origin.
- 512 Organic chemicals.
- 513 Inorganic chemicals: Elements, oxides and halogen salts.
- 514 Other inorganic chemicals.
- 515 Radioactive and associated materials.
- 521 Mineral tar and crude chemicals from coal, petroleum and natural gas.
- 531 Synthetic organic dyestuffs, natural indigo and color lakes.
- 532 Dyeing and tanning extracts, and synthetic tanning materials.
- 533 Pigments, paints, varnishes, and related materials.
- 541 Medicinal and pharmaceutical products.
- 551 Essential oils, perfume, and flavor materials.
- 553 Perfumery and cosmetics, dentifrices, and other toilet preparations (except soaps).
- 554 Soaps, cleansing and polishing preparations.
- 561 Fertilizers, manufactured.
- 571 Explosives and pyrotechnic products.
- 581 Plastic materials, regenerated cellulose and artificial resins.
- 599 Chemical materials and products, not elsewhere specified.
- 611 Leather.
- 612 Manufactures of leather or of artificial or reconstituted leather, not elsewhere specified.
- 613 Fur skins, tanned or dressed (including dyes).
- 621 Materials of rubber.
- 629 Articles of rubber, not elsewhere specified.
- 631 Veneers, plywood boards, "improved" or reconstituted wood and other wood, worked, not elsewhere specified.
- 632 Miscellaneous wood manufactures.
- 633 Cork manufactures.
- 641 Paper and paperboard.
- 642 Articles made of paper pulp, of paper, or of paperboard.
- 651 Textile yarn and thread.
- 652 Cotton fabrics, woven (not including narrow or special fabrics).
- 653 Textile fabrics, woven (not including narrow or special fabrics), other than cotton fabrics.
- 654 Tulle, lace, embroidery, ribbons, trimmings, and other small wares.
- 655 Special textile fabrics, and related products.
- 656 Made-up articles, wholly or chiefly of textile materials, not elsewhere specified.
- 657 Floor coverings, tapestries, etc.
- 661 Lime, cement, and fabricated building materials, except glass and clay materials.
- 662 Clay construction materials and refractory construction materials.
- 663 Mineral manufactures, not elsewhere specified.
- 664 Glass.
- 665 Glassware.
- 666 Pottery.
- 667 Pearls and precious and semiprecious stones, unworked or worked.
- 671 Pig iron, spiegeleisen, sponge iron, iron and steel powders and shot and ferro-alloys.
- 672 Ingots and other primary forms (including blanks for tubes and pipes) of iron or steel.
- 673 Iron and steel bars, rods, angles, shapes and sections (including sheet piling).
- 674 Universals, plates, and sheets of iron or steel.
- 675 Hoop and strip of iron or steel.
- 676 Rails and railway truck construction material of iron or steel.
- 677 Iron and steel wire (excluding wire rod).
- 678 Tubes, pipes, and fittings of iron or steel.
- 679 Iron and steel castings and forgings, unworked, not elsewhere specified.
- 681 Silver, platinum, and other metals of the platinum group.
- 682 Copper.
- 683 Nickel.
- 684 Aluminum.
- 685 Lead.
- 686 Zinc.
- 687 Tin.

- 688 Uranium and thorium and their alloys.
- 689 Miscellaneous nonferrous base metals employed in metallurgy.
- 691 Finished structural parts and structures, not elsewhere specified.
- 692 Metal containers for storage and transport.
- 693 Wire products (excluding electric) and fencing grills.
- 694 Nails, screws, nuts, bolts, rivets, and similar articles, of iron, steel or of copper.
- 695 Tools for use in the hand or in machines.
- 696 Cutlery.
- 697 Household equipment of base metals.
- 698 Manufactures of metal, not elsewhere specified.
- 711 Power-generating machinery, other than electric.
- 712 Agricultural machinery and implements.
- 714 Office machines.
- 715 Metalworking machinery.
- 717 Textile and leather machinery.
- 718 Machines for special industries.
- 719 Machinery and appliances (other than electrical) and machine parts, not elsewhere specified.
- 722 Electric power machinery and switchgear.
- 723 Equipment for distributing electricity.
- 724 Telecommunications apparatus.
- 725 Domestic electrical equipment.
- 726 Electric apparatus for medical purposes and radiological apparatus.
- 729 Other electrical machinery and apparatus.
- 731 Railway vehicles.
- 732 Road motor vehicles.
- 733 Road vehicles other than motor vehicles.
- 734 Aircraft.
- 735 Ships and boats.
- 812 Sanitary, plumbing, heating and lighting fixtures and fittings.
- 821 Furniture.
- 831 Travel goods, handbags, and similar articles.
- 841 Clothing (except fur clothing).
- 842 Fur clothing (not including headgear) and other articles made of fur skins; artificial fur and articles thereof.
- 851 Footwear.
- 861 Scientific, medical, optical, measuring, and controlling instruments and apparatus.
- 863 Photographic and cinematographic supplies.
- 863 Developed cinematographic film.
- 864 Watches and clocks.
- 891 Musical instruments, sound recorders, and reproducers and parts and accessories therefor.
- 892 Printed matter.
- 893 Articles of artificial plastic materials, not elsewhere specified.
- 894 Perambulators, toys, games, and sporting goods.
- 895 Office and stationery supplies, not elsewhere specified.
- 896 Works of art, collectors' pieces, and antiques.
- 897 Jewelry and goldsmiths' and silversmiths' wares.
- 899 Manufactured articles, not elsewhere specified.

Secretary HODGES. The 80-percent formula list will be calculated just prior to the time negotiations with the EEC are undertaken, and it will be based on the Common Market's membership at that time.

When the United Kingdom joins the EEC, as is confidently expected, 20 or more categories will probably qualify under the special authority.

Attached as annex C for illustrative purposes only, is a tabulation of the categories in which the United States, the EEC and five prospective members, including the United Kingdom, supplied 80 percent or more of "aggregated world export value" in 1960.

Mr. Chairman, I would submit that for the record.

The CHAIRMAN. Without objection.

(Annex C referred to follows:)

ANNEX C

TRADE EXPANSION ACT OF 1962

CATEGORIES IN WHICH THE UNITED STATES AND THE EUROPEAN ECONOMIC COMMUNITY PLUS FIVE POSSIBLE ADDITIONAL MEMBERS SUPPLIED 80 PERCENT OR MORE OF FREE-WORLD EXPORTS IN 1960

The attached is a tabulation of those commodities groups based on the Standard International Trade Classification, Revised (SITC), of which the value of exports from the United States and six present and five other possible members of the European Economic Community together accounted for 80 percent or more of free-world exports in 1960.

Such a commodity list can only be illustrative at the present time of the kinds of commodity groups which may be included in a finally selected list under the "80 percent dominant supplier formula" in the special European Common Market authority in the Trade Expansion Act of 1962. Under the provisions of the new trade legislation a definitive list of the commodity groups which would be included under the special EEC authority can only be compiled (1) at a future date which approaches the commencement of negotiations, and (2) after data have been assembled for world trade in a representative period, selected from the 5 years previous to the time the list is drawn up, as determined by the President. Such period may include future years for which trade statistics are not yet available. In accordance with the bill's requirements, some commodity groups included in the attached illustrative list for 1960 may not be included in the final list and others may be added, depending upon what the trade figures show for the actual representative period selected.

The list of commodities to be actually offered in negotiation under the special EEC authority, as distinguished from the maximum list of commodities which could be included as described in the preceding paragraphs, would only be put together after public hearings have been held by the President and by the Tariff Commission, and the Tariff Commission has reported to the President its views concerning the impact on American employment, productive facilities, and profits from anticipated reductions in duties on such commodities. Under the proposed law, items on which escape clause or national security action is in effect must be withheld from negotiation, as must certain other items previously covered by escape clause investigations, as described in the bill. In addition, the President may withhold such other items, where he deems such action to be in the best interests of the Nation and the economy.

List of SITC, Revised, commodity groups of which exports from the United States and the European Economic Community and 5 other possible EEC member European countries combined, total 80 percent or more of free-world exports in 1960¹

[Values of U.S. trade with the free world, values of exports to the free world from the EEC and 5 other possible EEC member European countries, and values of their imports from each other]

[Money amounts in millions of dollars]

SITC, Revised, group No.	Commodity group	Percent of free-world exports from United States, EEC, and 5 others	U.S. exports to free world	U.S. imports from free world	U.S. net trade with free world	EEC and 5 others' exports to free world, except EEC plus 5 intratrade	U.S. imports from EEC and 5 others	EEC and 5 others' imports from United States
734	Aircraft.....	97	1,227	53	1,174	259	20	425
862	Photographic and cinematographic supplies, except cameras.....	93	62	29	33	93	28	13
321	Coal, coke, and briquettes.....	92	360	4	356	133		197
613	Fur skins.....	91	16	9	7	21	8	6
732	Road motor vehicles.....	91	1,237	643	594	2,671	596	76
091	Margarine and shortenings.....	90	47	1	46	42	(²)	38
664	Glass, except glassware.....	89	34	54	-20	140	44	5
533	Pigments and paints.....	88	77	4	73	117	3	20
³ 552	Perfumery, cosmetics, and cleansing preparations.....	88	74	8	66	144	7	7
731	Railway vehicles.....	87	126	1	125	157	(²)	1
022	Sugar confectionery and other sugar preparations.....	86	10	15	-5	37	12	1
111	Nonalcoholic beverages.....	86	1	(²)	1	13	(²)	
715	Metalworking machinery.....	86	352	36	316	355	27	95
733	Road vehicles, except motor.....	86	24	33	-9	124	25	1
712	Agricultural machinery, including tractors.....	85	520	136	384	414	38	30
891	Musical instruments, sound recorders, and parts.....	85	57	45	12	122	34	19
612	Leather manufacturers.....	83	6	5	1	19	2	(²)
711	Organic chemicals.....	82	266	54	212	324	26	176
⁴ 599	Miscellaneous machinery, except electric.....	82	280	24	256	649	17	130
621	Miscellaneous chemicals, including plastics and insecticides.....	81	682	40	642	522	20	188
714	Materials of rubber.....	81	6	(²)	6	42	(²)	9
⁵ 716	Office machinery.....	81	207	67	140	211	52	69
122	Industrial machinery, except power generating and metalworking.....	81	1,817	170	1,647	1,966	92	34 ⁶
629	Tobacco manufactures.....	80	97	1	96	56	1	11
⁷ 721	Articles of rubber.....	80	152	* 47	105	229	* 25	13
	Electric machinery.....	80	1,066	284	782	1,535	122	216
	Total 80 percent and above (26 groups).....		8,803	1,763	7,040	10,395	1,199	2,096

¹ The free-world export value used in these calculations includes total exports of all countries of the free world with the exception of: (1) exports from the present European Economic Community member countries (Belgium, France, Federal Republic of Germany, Italy, Luxembourg, and Netherlands) and five other possible member countries (Denmark, Greece, Ireland, Norway, and United Kingdom) to each other; and (2) exports from the free-world countries to countries dominated or controlled by international communism (Albania, Bulgaria, Czechoslovakia, Hungary, Poland, Rumania, U.S.S.R., China (mainland Communist), North Korea, North Vietnam, Outer Mongolia, and Cuba). Commodity groups are taken from the Standard International Trade Classification, Revised, of the United Nations except as noted below.

² This is an original SITC group number which was used because separate data are not available according to the SITC, Revised, numbers. Groups 552, 599, 716, and 721 have been expanded to 13 group numbers in the SITC, Revised. If data were available for 1960, a large proportion of the 13 groups would appear separately on the list.

³ Less than \$500,000.

⁴ United States import statistics for articles of rubber include materials of rubber.

Source: Prepared by International Trade Analysis Division, Bureau of International Programs, U.S. Department of Commerce, February 1962.

Secretary HODGES. I wish to emphasize that the list of commodities to be actually offered in negotiation under this special authority may be shorter than the full list of commodities technically eligible for such treatment. The actual negotiating list would be decided upon only after public hearings have been held by an interagency committee and by the Tariff Commission as required by the bill.

Furthermore, the Tariff Commission and the relevant executive branch departments will have reported to the President their views concerning the probable impact on American employment, productive facilities, and profits that might result from the anticipated tariff reductions on such commodities.

Under the act, the President on the basis of such advice may reserve any item from negotiations and in addition is required to reserve certain others.

I will discuss this reserve list in more detail later when I deal with all the safeguards contained in the bill.

This bill follows the practice of past trade legislation in not stipulating the detailed method of negotiation to be followed, since our negotiating team should have the flexibility to choose whatever method is most appropriate at the time negotiations take place.

Thus, for example, the several tariff reducing authorities could be used, as appropriate, to negotiate tariff concessions on a product-by-product basis, as has been customary in many tariff negotiations up to now.

Useful as this technique has been in the past, however, a broader basis for the negotiation of tariff reductions under these authorities must also be used if substantial further progress is to be made in the lowering of tariff barriers.

In negotiations of any magnitude, item-by-item treatment tends to create long delays and unnecessary complexity. The last round of negotiating under the 1958 extension of the reciprocal trade program was finally completed just this year.

Moreover, the EEC has itself found it necessary to use a broader basis for negotiation in the reduction of its own tariffs, and wherever appropriate under the special and general authorities, we must be ready to work in the same way in order to have the flexibility and bargaining power to achieve our objectives of bringing down free world tariff barriers.

Further, the technique of broadly based negotiations has the advantage of carrying with it a built-in response to changing trade conditions. A striking feature of our modern world is the rapidity of technological developments, which is constantly creating new products, and, from them new trading interests and opportunities.

Our own producers are probably the world's leading innovators. Therefore, it is strongly in our own interest to negotiate on broader groupings of items which would result in tariffs being lowered not only on products in which we now have a strong export interest, but also on products in which we may well develop such an interest in the future through technological innovation.

In recognition of the importance of the EEC area as a market for the exports of American farmers, there is a separate section 212 in the bill dealing with this subject.

Under this section, Mr. Chairman, the President is authorized to exceed the 50-percent limitation on an agricultural commodity, if he

determines that such action would tend to assure the maintenance or expansion of U.S. exports of like articles.

Thus, the President would be authorized to reduce the duty by more than 50 percent only if a concession is obtained on the like article; he is not given a general authorization to exceed the limitation on an agricultural product in return for concessions on other products.

This bill sets up a standard list of articles that would qualify as agricultural products under this section; neither forest articles nor textile products are included. And articles on this list would be excluded from tariff reductions based on the dominant supplier, or 80-percent formula.

Secretary Freeman will be able to discuss this section with you in more detail.

Another exception to the basic 50-percent limitation, is the provision authorizing unlimited tariff reductions on articles dutiable at a rate of not more than 5 percent ad valorem or ad valorem equivalent.

In most cases, such duties serve no significant protective function. Tariff concessions on such products as on others, will be granted in trade agreements only where the United States receives commensurate benefits for its export products. Among the articles dutiable at rates in this low bracket are a number of crude products imported into the United States in substantial quantities which are not produced at all or only in limited quantities in the United States and are of particular interest to less-developed countries.

I have discussed trade bargaining with the EEC at length because I believe it is in this area that the need for negotiations and mutual tariff reduction is most urgent. We must remember, however, that the United States has vital trading interests with nations all over the world. Canada and Japan, in that order, are our largest single trading partners. We have had long and fruitful trade relations with Latin America and with the members of British Commonwealth. Our commerce with the emerging countries of Asia and Africa, is expanding.

Japan, for example, bought \$1.7 billion from us last year, \$700 million more than she sold to us. In the next decade her economy is expected to double and her imports to triple. Here is an attractive and profitable potential business for us.

Latin America, for instance last year bought \$3.4 billion from the United States, and with the Alliance for Progress stimulating the economic growth of the area in the next decade, the opportunities for expanding U.S. exports should be considerable.

Other less-developed countries will require extensive imports of equipment and machinery as they move along the path to industrialization and economic growth. Africa and Asia offer the prospect of new and expanding export markets for American consumer goods.

All these areas are important to us. They are in the process of rapid economic expansion, which can be maintained only by tapping world markets and sources of supply. They therefore promise to become still better customers for U.S. farm and factory products than they are today.

In some of these countries as well as others certain tariffs and non-tariff restrictions are unduly high. They tend to sustain inefficient enterprises, impede economic growth, and deny to the people of these

countries and to the United States the mutual advantages of freer trade relations. We recognize the need for protection of so-called "infant industries" in nations in the early stages of development, but we feel these barriers should not otherwise serve to restrict imports unreasonably.

We therefore look forward to greater trade with these nations outside the EEC by means of the same kinds of trade negotiations as will be conducted with the EEC. The main bargaining tool in the non-EEC negotiations will be the general 50 percent authority, which, as we have seen will also be helpful in opening up markets of the European Community for U.S. goods.

This general authority empowers the President, in negotiating trade agreements with all free world nations, to reduce gradually U.S. tariffs by as much as 50 percent with certain safeguarding exceptions. I might add that the authority to reduce low-rate duties of 5 percent or less will also be available in such negotiations as a helpful bargaining tool.

There is one other tariff-reducing authorization which pertains to the less-developed countries. Section 213 contains a special provision under which the President is authorized to exceed the 50 percent limitation on tropical agricultural and forestry commodities not produced in significant quantities in the United States. The 50 percent limitation may be exceeded on these commodities only if the EEC has made a commitment to treat its own imports of such products in a way that is likely to assure comparable access for these articles, substantially without discrimination among free world countries.

This provision is directed particularly to improving the opportunity of less-developed countries in Latin America and elsewhere to obtain access to the EEC market on terms substantially equivalent to the terms which the EEC provides for the dependencies and former dependencies of its member states.

For example, it is vitally important to the success of the Alliance for Progress that Latin American coffee receive the same tariff treatment in the EEC that is granted to coffee from Africa.

Because the authority only pertains to products not produced in significant quantities in the United States, it represents no serious competitive threat to any of our domestic producers. It is, nonetheless, an important milestone in U.S. trade legislation, for it affirms in principle our national interest in opening up markets here and in Europe to the products of the lesser developed countries for their sake and our own.

The lesser developed countries need foreign exchange for their own development, and we want them to develop as strong members of the non-Communist trading community. This will reduce their need for foreign assistance and their heavy reliance on the United States as a market for their goods.

I would like to discuss safeguards, Mr. Chairman.

In our efforts to expand U.S. trade, we must not only obtain trade access for our exports, but, as in the past, we must provide safeguards to prevent or correct such hardships as increased imports to the United States might otherwise bring. We must also make arrangements for guidance of the negotiations themselves.

In the bill before you, we have continued and refined these past safeguards and arrangements, and we have added some new ones. I am convinced that the resulting provisions offer a more comprehensive assurance to American producers that their interests will be protected, and provide more constructive remedies for their possible import problems, than have ever before been available.

A. BEFORE NEGOTIATIONS

During the period before negotiations take place, the same basic procedures will be followed as in the past. The President will announce publicly the list of articles which he proposes to consider for tariff concessions.

The executive branch and the Tariff Commission will hold public hearings at which any interested party can present evidence and its views on any of the items listed. Before tariff concessions are agreed to, the results of the public hearings will be reported to the President.

The interagency Cabinet-level trade organization, provided for in the bill and to be chaired by the Secretary of Commerce, will study and make recommendations on the basic policy issues raised by the trade agreements program.

The views of the executive branch departments themselves will also be presented, as will a thorough Tariff Commission study of the probable domestic economic effects of tariff reductions on all items listed for negotiation.

The Tariff Commission reports to the President will be far more useful and comprehensive than its past practice of fixing so-called peril-points below which tariffs supposedly could not be cut without risking some domestic injury.

All the information on which peril-points have previously been based would be made available under the new procedure, but the Tariff Commission would not be required to set a specific critical tariff level, in a percentage figure, for example.

The Commission itself, I understand, feels that this latter task requires a precision of economic forecasting which is simply not possible, and that past peril points have often been unavoidably arbitrary.

In fact, in six of the nine cases since 1958 where peril-points have been subjected to thorough analysis and review by the Tariff Commission, they have been found to have been inaccurate. We believe the new bill's provision for thorough Tariff Commission reports taking into account all relevant economic factors, will provide a much more useful and meaningful basis for formulating tariff bargains than would an uncertain, unscientific peril-point figure.

In the light of these reports, the President will draw up a final list of items on which tariff cuts might be offered to other nations on a reciprocal basis, and the President will also reserve from this list any article or category of goods on which he determines tariff reductions not to be in the national interest.

In addition, the bill requires him to reserve any article for which escape clause or national security action is in force, along with certain other articles under specified conditions.

Thus, for example, crude oil and petroleum products, lead, zinc, and other products for which such actions are now in effect, would be

exempted from further tariff cuts under this bill as long as the action remained in force.

Under the bill as passed by the House, our negotiating team will for the first time be headed by a Special Representative for Trade Negotiations appointed by the President with the advice and consent of the Senate.

The negotiator or representative will report directly to the President and will direct the efforts of the various Departmental experts who compose the body of the delegation. He will also be an ex-officio member of the interagency trade organization which will make recommendations to the President on basic policy issues raised by the negotiations.

Under the bill the Congress, too, will have its representatives: two Senators and two Representatives drawn from both political parties, will be attached to the American negotiating team as official observers.

The objective of our negotiators will be to maximize our access to foreign markets by means of mutually beneficial tariff reductions. The United States will lower its own tariffs only in return for equivalent reductions from our trading partners, either on the same range of items or on others of importance to U.S. export industries. But in order to achieve this, our bargaining authority must be strong, and our negotiators must have ample time to prepare and conduct the complex, time-consuming negotiations and be able to offer practical bargains. This is why the authority granted by the bill should remain in force for 5 years. This is a vital safeguard which will eliminate the possibility of our negotiators being hurried by the imminent and premature expiration of the negotiating authority into making a bargain which, however good, might have been made still better.

Of great importance to our producers, the bill insures that tariff reductions will not be put into effect overnight on any products except tropical agricultural products not produced here in significant quantity.

Instead tariff cuts will be spaced gradually over a period of at least five annual installments or the equivalent, thus providing ample time to adjust to new competitive conditions.

In this manner the tariff concessions which are put into effect will involve minimum disruption, while at the same time setting the stage for a further expansion of the U.S. economy by providing the most favorable tariff conditions for American exports that may be obtained at the present time.

In this connection, I want to stress that dynamic economic growth and the adaptability of our free enterprise system at home provide our best defense against possible adverse effects of imports from abroad. Our producers have demonstrated this in responding to other sorts of competition. Every day technological, style, wage, and price changes in our own domestic economy present greater challenges to our American producers than import competition. We not only survive such challenges, we prosper and grow more rapidly because of them.

The best thing we can do to safeguard American industry from import injury is to build and maintain a healthy, dynamic economy

at home and abroad through greater production and sales. This is one principal objective of the bill now before you, sir.

But while this is our primary safeguard, it cannot be our only one. If we are realistic, we must face the possibility that despite careful preparation of concession lists, despite prolonged staging of tariff reductions, despite the adaptability of our economy as a whole, the possibility exists that some cases of dislocation may result from tariff cuts.

We must meet this problem. There is no conceivable tariff policy we could adopt that would provide for the requirements of our economy for new markets and at the same time give a flawless guarantee against all possible hardships to all domestic producers and their workers. What we can and must do is to strengthen the remedies available to counteract import injury when it threatens or when it occurs. This is what the new trade adjustment assistance section of this bill would accomplish.

In the past, Mr. Chairman, our safeguards under trade legislation have been limited exclusively to tariffs and import quotas. This bill recognizes that such relief may be the only adequate countermeasure against severe injury from imports in certain cases. And under this bill before you the President could continue to provide such relief when an entire industry has experienced widespread serious injury as the result of increased imports.

The traditional form of relief, however, may be inadequate or inappropriate as a remedy to import competition in a number of cases.

An additional form of assistance has therefore been designed which can either supplement or replace traditional relief, as appropriate. It is aimed at assisting particular firms and groups of workers which have been dislocated by import competition. Under this program, such firms could receive Federal loans or loan guarantees, technical assistance, and tax assistance.

Unemployed workers would be eligible for adjustment allowances, retraining in new skills, and where needed, assistance to facilitate relocation in order to take new jobs.

Assistance of this character will enable firms and workers to get help when none at all would be available to them under existing legislation.

For example, there may be industries where injury is not sufficiently widespread to warrant tariff relief for a whole industry, but where some individual firms may be genuinely injured. Without this new adjustment assistance, such firms and their workers could get no help at all.

Unlike tariff relief, adjustment assistance can be tailored to the particular problems of the firms and workers affected. The forms and amounts of assistance vary according to need. Tariff relief, on the other hand, must be applied indiscriminately to an entire industry, some firms getting less help than they need, while others may already be in comparatively good shape and enjoy windfall profits as a result of the higher tariffs.

Adjustment assistance directly promotes a constructive response to the challenge of import competition. Firms can be helped to modernize their production and distribution methods and, if need be, to diversify their product lines.

Where necessary, workers can be retrained in new skills to equip them for jobs with better economic prospects and in some cases with higher pay than they held before. Adjustment assistance is designed to encourage both firms and workers to rehabilitate their competitive strength so as to be able to face the competition of imports openly and independently, in the tradition of free enterprise. Tariff relief can insulate an industry from the stimulating effects of free competition. It can prop up an inefficient, stagnant enterprise and lull it into a false sense of security.

Looked at realistically, tariffs are subsidies, established by the Federal Government and paid by the American consumer, since tariffs artificially raise the prices the consumer must pay.

The tariff remedy may also have immediate adverse consequences for sections of our own domestic economy. This factor is often overlooked. Whenever we raise our tariffs above the level established by international agreement, as we recently did, we are required either to offer compensation by reducing U.S. tariffs on other items or else be liable to retaliation by our trading partners in the form of raised tariffs against our own exports. Thus in either case, we increase our tariffs to protect one American industry only at the expense of risking hardship to another American industry.

Either the foreign competitors of another U.S. industry receive easier tariff treatment in this country when we grant compensation, or the exports of some U.S. industry will face more burdensome levies abroad. Adjustment assistance would not harm any domestic industry in this way.

Let me now briefly try to dispel some apprehensions that may have been expressed or felt concerning the adjustment assistance program.

First, and most important, it is not expected to be a large program nor are its benefits expected to be called upon extensively. Under our free enterprise system, the normal forces of the market will tend to draw the less competitive firms and workers into healthier, more efficient lines, without need of Federal assistance.

I think our own past experience in adjusting successfully to reduced tariffs bears out our belief that the adjustment program will not be very large. This is the experience of the EEC nations which also have an adjustment assistance program.

Second, adjustment assistance is not a dole or subsidy. It is directed not at compensation for injury, but at creative adjustment that will remove the injury. Adjustment aid for firms will only be available where need is clearly shown and where the firm itself is making full use of its own resources to adjust.

Loans of long term will be available as will technical assistance and certain tax assistance. Loans must be repaid in full and will not be made in the first place unless there is a reasonable assurance of repayment. The cost of technical assistance must be borne by the firm to the extent considered feasible and appropriate by the Administrator.

Assistance to workers will focus on creative retraining in needed skills, and no worker will receive readjustment allowances if he refuses to accept and work at a retraining course without adequate reason.

Third, trade adjustment assistance will not be drawn out over a long period of time. Assistance to firms will be aimed at contributing

to a specific adjustment project. The firm must indicate at the outset what aid it requires by preparing an adjustment proposal for its own rehabilitation; it cannot keep coming back for more. Assistance to workers will in general be limited to 1 year, with a possible extension if retraining should take a longer time, or in the case of elderly workers.

Fourth, it is a voluntary program. No one is going to be forced by the Government to do anything. Assistance will be given only to those who apply for it and qualify.

Firms will make specific requests, and no rehabilitation proposal will be dictated from a Government office. The program is aimed only at assisting a company to put into operation realistic projects developed on its own or where needed, with advice from governmental or private sources.

Fifth, the adjustment assistance program will not engender a vast new bureaucratic office in the Federal Government, nor will it duplicate existing programs. It will be set up in such a way that maximum use will be made of existing agencies—the Small Business Administration, the Tariff Commission, the Departments of Agriculture, Commerce, Interior, Labor—and it is expected that a great part of the program can be carried out through regular procedures of these departments.

Finally, I know that concern has been expressed over the benefits that workers could receive under this program. Secretary Goldberg will deal with this question thoroughly when he appears before you.

But I want to say this. Both workers and firms may encounter special difficulties when they feel the adverse effects of import competition. This is import competition caused directly by the Federal Government when it lowers tariffs as part of a trade agreement undertaken for the long-term economic good of the country as a whole.

The Federal Government has a special responsibility in this case. When the Government has contributed to economic injuries, it should also contribute to the economic adjustments required to repair them. This is a principle our country has long recognized; the GI bill of rights, the relief offered by the Small Business Administration for establishments displaced by Federal projects, are just two examples of this principle.

Gentlemen, I feel very strongly that the adjustment assistance program is an essential and a helpful part of this bill. Like tariff relief, it would fulfill our responsibility of safeguarding import-injured firms and workers. It offers aid where necessary for firms and workers who may not otherwise be protected.

Moreover, it is not a partisan program. Both the AFL-CIO and the American Bankers Association have specifically supported it. A survey published by a private business research organization reports that more than three-fourths of the companies participating in the survey declared their support for such Government assistance.

Former President Eisenhower has given his personal support. As he said in a recent message :

Some temporary governmental assistance must be provided for those who suffer dislocation substantially caused by trade effort beneficial to the country as a whole.

That is what trade adjustment assistance would accomplish. It would be counter to the standards of fairness and equal treatment under law, by which our Government has always abided, were we to make a small number of our citizens bear the full cost of a trade policy designed for the welfare of the entire United States. Adjustment assistance is essential part of the overall trade program contained in this bill. And this is why I recommend it to you so strongly.

During the past months of discussion of this bill, attention has been focused on barriers to international trade that take forms other than tariffs. Quota restrictions, prohibitions, discriminatory tax measures, surcharges, burdensome customs procedures, unwarranted sanitary, food, and drug regulations—all of these can be used to bar or hinder the entry of foreign goods and thus sometimes to vitiate the effect of tariff reductions.

Nontariff restrictions have long been a concern to the United States. I think we have been successful in our efforts to have many restrictions abolished, and the bill before you would give us a new tool for further progress.

Nontariff measures—such as import quotas—may be justifiable when a country is undergoing severe balance-of-payments and exchange problems, as were most of the nondollar countries in the immediate postwar period and some more currently. But economic recovery has now restored prosperity in Europe, and the currencies in which the bulk of world trade is conducted are now convertible. We must recognize that in underdeveloped countries, special problems remain which may require trade restrictions not warranted elsewhere.

In general, the justification for quantitative restrictions on trade has greatly diminished, and the United States has worked hard for their abolition.

These efforts are continuing. We have joined with other countries in setting up a special project within the GATT, designed to identify all remaining restrictions which violate the agreement so that action can be taken to eliminate them.

The United States is now engaged in consultations with several countries applying such restrictions. If these discussions do not result in the elimination of the restrictions involved, and we can demonstrate impairment to our trade, the United States would be authorized under the GATT to withdraw equivalent tariff concessions from these countries.

The bill contains a specific provision which will strengthen our leverage against the nontariff restrictions we seek to eliminate. Under section 252, the President is required to take all appropriate and feasible steps to eliminate such restrictions and, to the extent that such action is consistent with the purposes of the act, to deny application of trade agreements concessions to products of countries that maintain unwarranted nontariff restrictions against our trade, or otherwise discriminate against U.S. commerce.

This bill therefore strengthens our hand against both tariff and nontariff barriers.

In conclusion, Mr. Chairman and gentlemen, I view this bill as a vital tool for fostering our country's economic growth. Other areas of the world are just beginning to experience the boom in consumer demand that we have long ago reached, and that is one of the primary reasons for their lively rates of economic expansion.

I see no reason why American producers, who have already developed the techniques and skills and expertise of manufacturing and marketing these products domestically, should not play a major role in supplying the growing markets all over the world, assuming we can get other nations to reduce tariff barriers to our exports.

Our potential advantages in international competition are many. We have the benefit of long experience in enterprises that are often relatively new in foreign countries. Our businessmen have particularly refined the techniques of mass distribution that are vitally important in international trade. On many products we hold a technological lead and on many products our total costs of production and distribution are lower than anywhere else in the world—and this I want to stress.

The best sign of our competitive ability is the wide margin of exports over imports for our products. I have two charts which illustrate this point quite clearly, I think. You notice here U.S. exports exceed imports in competitive commodity groups, particularly machinery. Industrial, office and printing machinery, \$3.1 billion in exports, and \$405 million for imports.

Other electrical machinery and apparatus, \$630 million in exports and \$111 million in imports, down to agricultural machinery where we export \$144 million, and import \$79 million.

This is also demonstrated in this second chart, selected commodities, as well as machinery. Here we export \$1.75 billions of chemicals and related products bringing in \$395 millions; steel mill products we ship out more than we bring in, in terms of value.

Paper, \$257 million against \$74 million. Scientific and professional instruments, \$125 million as against \$46 million, the last, glass and products \$84 million against \$80 million.

Last year our exports exceeded our imports by a substantial amount in trade with all nations. With individual countries and trading areas, the record is also strongly favorable. We exported over \$3½ billion to the Common Market countries; we imported about \$2¼ billion.

With Japan, which many people fear as a low-wage competitor, we earned a substantial margin in our favor in the balance of trade; \$700 million out of commercial trade totaling \$2¾ billion. With almost every country we had a favorable balance of trade.

We have shown we can compete and if we can reduce trade barriers by means of the Trade Expansion Act we will continue to do so. This is not only my opinion, or that of the executive branch alone. In the House of Representatives 3 weeks ago, 298 Congressmen from both sides of the aisle and from all parts of the Nation voted in favor of this bill; only 125 opposed it. The favorable vote in the Ways and Means Committee was 20 to 5.

Majority support for effective trade legislation has also been reflected in several polls of the business community including a recent questionnaire to which 7,500 business executives responded. And a sampling of over 1,100 editorials on the President's trade proposals in newspapers across the country shows that of the 900 editorials that expressed an opinion, almost three-quarters were generally in support.

This support, I might add, is bipartisan and cuts squarely across all segments of our economy. Leading advocates of effective trade legis-

lation, as I have mentioned, include former Presidents Eisenhower, Truman, and Hoover, Henry Ford, Walter Reuther, Henry Cabot Lodge, the AFL-CIO, the U.S. Chamber of Commerce, the American Bankers Association, the Committee for Economic Development, and leading national farm organizations.

I am convinced that the vast majority of Americans are united as never before in their belief that the President must be given the needed flexible authority in order to bargain reciprocally and effectively for the retention and expansion of U.S. markets abroad.

By expanding our exports, we can take part, with the rest of the world, in the surge of demand which lies ahead in rapidly developing areas all over the globe. We can fortify our own economic vigor, and contribute to the material progress of our free world friends. We can solidify the resistance of the whole non-Communist world to the encroachments of the Sino-Soviet bloc.

The Trade Expansion Act of 1962 can mean income for our farmers, profits for our businessmen, jobs for our workers, and credits on our balance of payments ledger. I earnestly urge your support. I thank you for your courtesy and attention.

(The charts referred to follow:)

CHART 1

U.S. RELIES ON IMPORTS OF INDUSTRIAL AND AGRICULTURAL RAW MATERIALS

Per cent of new supply provided by imports-1960

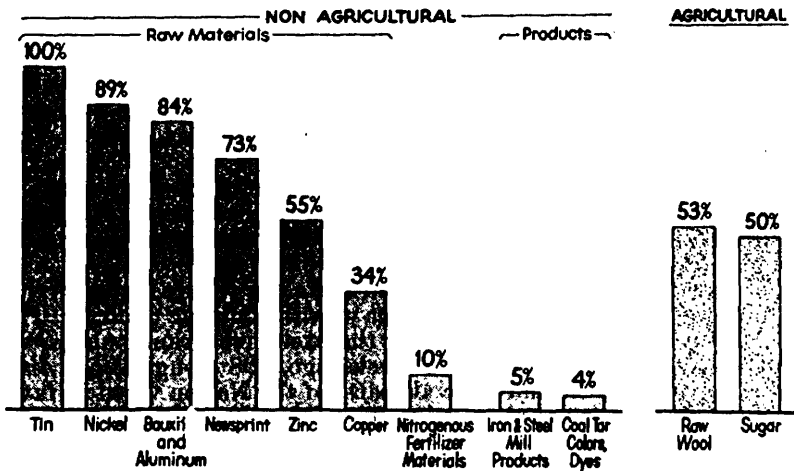


CHART 2

THE EUROPEAN COMMON MARKET IS THE FASTEST GROWING ECONOMY

Index of Gross National Product 1953=100

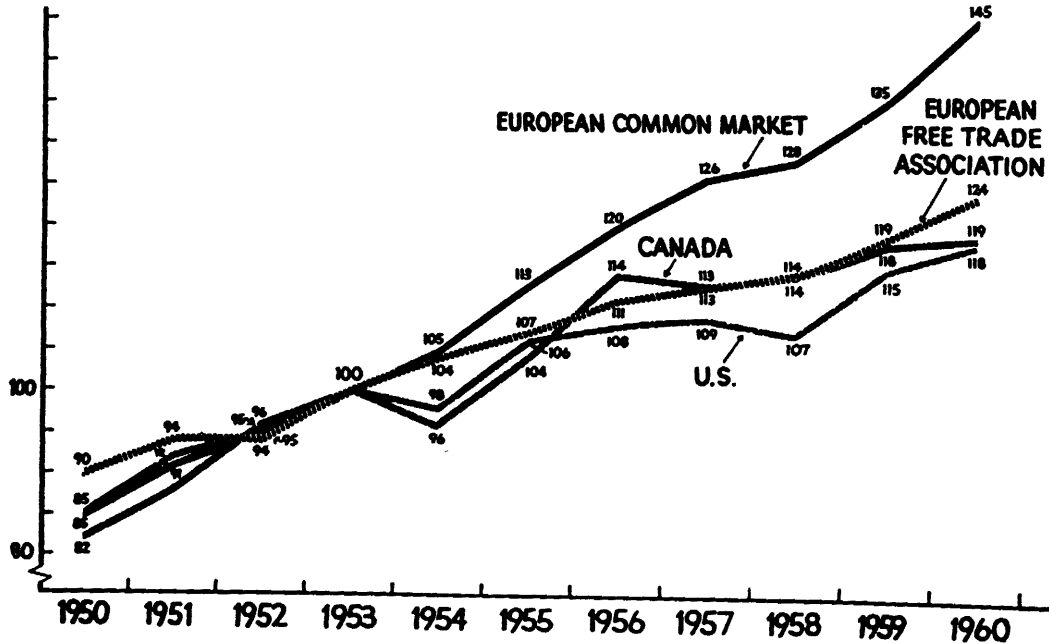


CHART 3

THE GROWING COMMON MARKET REPRESENTS GREAT POTENTIAL DEMAND

Products in use per 100 population - 1959 or 1960

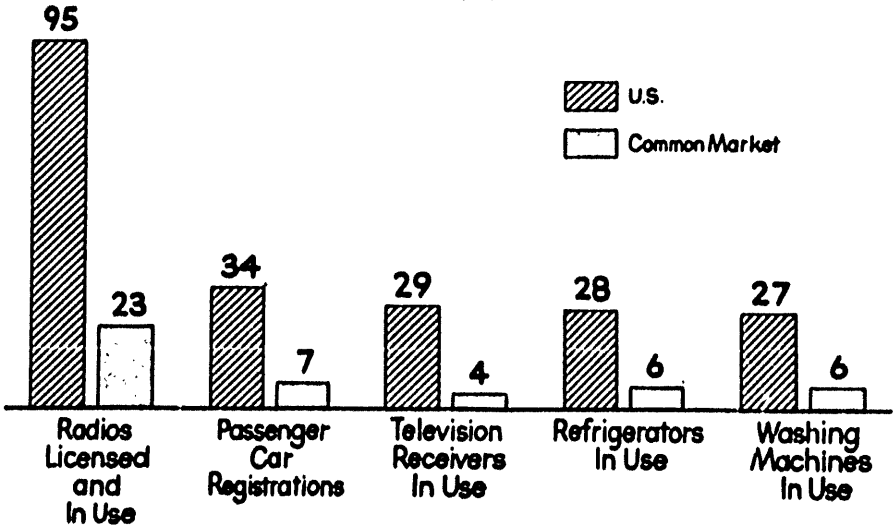


CHART 4

U.S. EXPORTS EXCEED IMPORTS IN COMPETITIVE COMMODITY GROUPS - SELECTED COMMODITIES

(Millions of Dollars)
1961

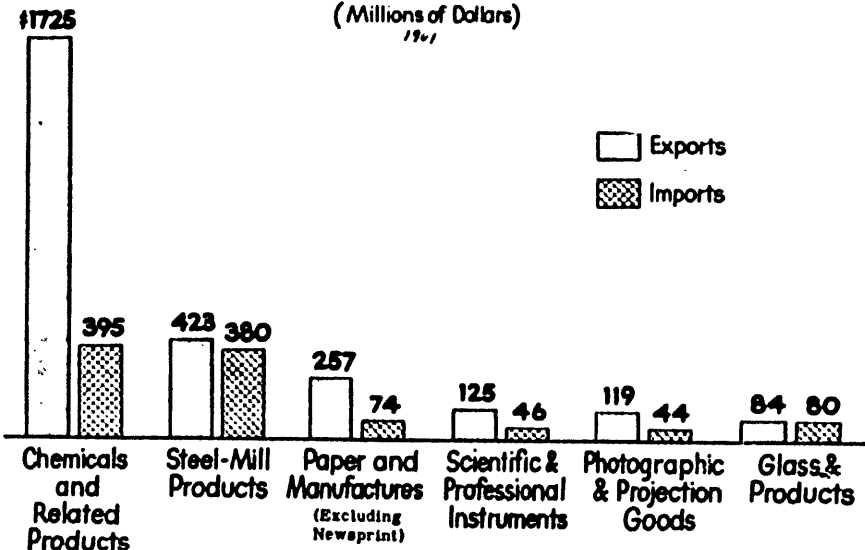
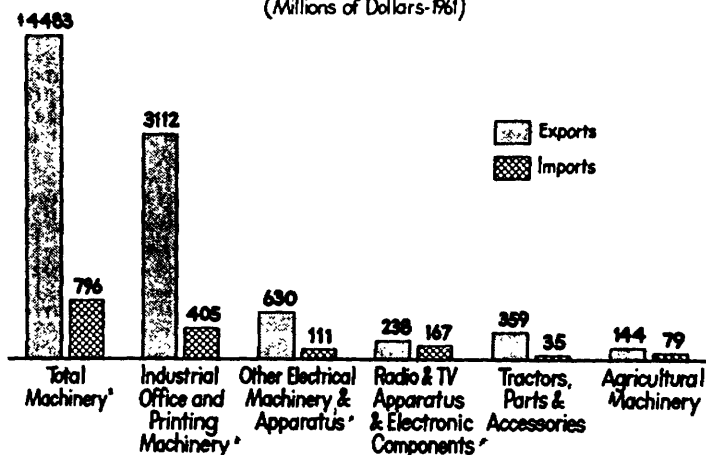


CHART 5

U.S. EXPORTS EXCEED IMPORTS IN COMPETITIVE COMMODITY GROUPS - MACHINERY

(Millions of Dollars-1961)



* Excluding special category

The CHAIRMAN. Thank you, Mr. Secretary.

The Chair's questions are not intended to be hostile but to bring out information.

Secretary HODGES. Could I introduce, Mr. Chairman, my associates who are here with me? Dr. Jack Behrman, the Assistant Secretary for International Affairs; Mr. Peter Jones, who has made a detailed study of this; and Mr. Lewis, who handles the legal side.

The CHAIRMAN. We are glad to have them here.

At this point the Chair would request that you supply for the record—I assume you haven't got the information at hand—a statement of the differentials in wages as between this country and the countries of the Common Market and other countries we deal with?

Secretary HODGES. Separated in different classes of business?

The CHAIRMAN. Yes.

Secretary HODGES. Insofar as that is available, Mr. Chairman, we will get it and give it to you.

(The information referred to follows:)

EMPLOYEE EARNINGS AND SUPPLEMENTARY BENEFITS, UNITED STATES AND ABROAD

The summary table below presents data on average hourly earnings and estimated supplementary benefits as a percentage of average earnings for production workers in manufacturing in the United States and nine other countries. Earnings data by country for selected industries are presented in the 10 tables that follow.

For many foreign countries wage rates or earnings data represent a much smaller proportion of the employers' total labor expenditure for each man-hour worked than is the case in the United States. Wage supplements (family allowances, special bonuses, paid leave, social security benefits, and others) are more extensively provided abroad.

The national currencies are converted into U.S. dollars at the official rates of exchange. However, direct conversion into dollars of wages paid in foreign

currencies is liable to gross misinterpretation. Because prices of goods, and especially of services, vary greatly among countries, it is not easy to tell what level of living a particular wage income will provide. This difficulty is all the greater since workers in different countries have very different preferences for many goods and services.

Intercountry comparisons of labor costs per man-hour worked should not be used to represent unit labor costs (that is, labor costs per unit of output) because of large differences in productivity among countries. In the absence of strict governmental controls on foreign trade and exchange, average wages for all industries combined tend to be highest in countries with the highest productivity. If this were not so, competition would soon force changes in international exchange rates until it became true. Thus, in a general way, high wages tend to reflect high productivity, and intercountry differences in unit labor costs are usually far smaller than intercountry differences in hourly wages.

TABLE 1.—Average hourly earnings in the United States and in 9 countries

Country	Date	Average hourly earnings		Supplementary benefits as percent of earnings
		In national currencies	In U.S. dollars	
United States.....	September 1961.....		\$2.34	16.0
Belgium.....	October 1960.....	29.59 francs (Belgium).....	.59	31.0
France.....	June 1961.....	2.26 new francs.....	.46	51.5
Italy.....	March 1961.....	241 lire.....	.385	74.0
Netherlands.....	October 1960.....	2.10 guilders (men).....	.55	30.1
		1.26 guilders (women).....	.33	30.1
Sweden.....	September 1961.....	5.76 kronor.....	1.13	15.3
Switzerland.....	December 1960.....	3.78 Swiss francs ¹.....	.88	15.4
West Germany.....	June 1961.....	2.85 deutsche marks.....	.71	44.3
United Kingdom.....	March 1961.....	80.0 pence (men).....	.93	14.0
		46.0 pence (women).....	.537	14.0
Japan.....	September 1961.....	83.62 yen.....	.246	12.0

¹ Semiskilled and skilled men.

TABLE 2.—United States: Average hourly earnings in selected industries, 1955, 1958, 1960, and 1961

Industry	Average hourly earnings
Textile industry:	
1955.....	\$1.39
1958.....	1.51
1960.....	1.62
1961 (October).....	1.64
Leather and leather products:	
1955.....	1.41
1958.....	1.57
1960.....	1.64
1961 (October).....	1.71
Nonmetallic mineral products:	
1955.....	1.86
1958.....	2.12
1960.....	2.28
1961 (October).....	2.37
Metal products:	
1955.....	1.98
1958.....	2.27
1960.....	2.45
1961 (October).....	2.50
All manufacturing:	
1955.....	1.88
1958.....	2.13
1960.....	2.29
1961 (October).....	2.34

NOTE.—See beginning for interpretive notes describing the limited extent to which average wage data can be used for intercountry comparisons. Average earnings data do not include supplementary benefits.

TABLE 3.—Belgium: Average daily earnings in selected industries, 1955, 1958, and 1960¹

[Exchange rate: 1 Belgian franc=US\$0.02]

Industry	In Belgian francs	In U.S. dollars	Industry	In Belgian francs	In U.S. dollars
Textile industry:			Metal products:		
1955.....	179.1	3.58	1955.....	196.7	3.93
1958.....	200.7	4.01	1958.....	224.6	4.49
1960.....	209.7	4.19	1960.....	233.7	4.67
Leather and leather products:			All manufacturing:		
1955.....	172.3	3.45	1955.....	203.7	4.07
1958.....	192.2	3.84	1958.....	233.4	4.67
1960.....	202.2	4.04	1960.....	248.2	4.96
Nonmetallic mineral products:					
1955.....	197.1	3.94			
1958.....	223.6	4.47			
1960.....	241.7	4.83			

¹ 1960: Average of 1st 3 quarters.

NOTE.—See beginning for interpretive notes describing the limited extent to which average wage data can be used for intercountry comparisons. Average earnings data do not include supplementary benefits.

TABLE 4.—France: Average hourly earnings in selected industries, 1955, 1958, and 1960

[Exchange rates: 1955: 1 franc=0.2857 of 1 U.S. cent; 1958: 1 franc=0.2041 of 1 U.S. cent; 1960: 1 new franc=US\$0.2041]

Industry	In francs	In U.S. dollars	Industry	In francs	In U.S. dollars
Textile industry:			Machinery, metal products:		
1955.....	145.00	0.41	1955.....	186.00	0.53
1958.....	187.00	.58	1958.....	51.00	.51
1960.....	12.16	.44	1960.....	12.90	.59
Leather and leather products:			All manufacturing:		
1955.....	139.00	.40	1955.....	142.00	.41
1958.....	196.00	.40	1958.....	184.00	.38
1960.....	12.20	.45	1960.....	12.09	.43
Nonmetallic mineral products:					
1955.....	157.00	.45			
1958.....	229.00	.47			
1960.....	12.65	.54			

¹ New francs.

NOTE.—See beginning for interpretive notes describing the limited extent to which average wage data can be used for intercountry comparisons. Average earnings data do not include supplementary benefits.

TABLE 5.—Italy: Average hourly earnings in selected industries, 1955, 1958, and 1960

[Exchange rate: 1 lira=0.16 of 1 U.S. cent]

Industry	In lire	In U.S. dollars	Industry	In lire	In U.S. dollars
Textile industry:			Metal products and machinery:		
1955.....	152	0.24	1955.....	190	0.30
1958.....	171	.27	1958.....	223	.37
1960.....	185	.30	1960.....	241	.39
Footwear, leather, and leather products:			All manufacturing:		
1955.....	140	.22	1955.....	185	.30
1958.....	152	.24	1958.....	216	.35
1960.....	157	.25	1960.....	232	.37
Ceramics:					
1955.....	165	.26			
1958.....	185	.30			
1960.....	191	.31			

NOTE.—See beginning for interpretive notes describing the limited extent to which average wage data can be used for intercountry comparisons. Average earnings data do not include supplementary benefits.

TABLE 6.—Netherlands: Average hourly earnings in selected industries, 1955, 1958, and 1960 (male workers)

[Exchange rate: 1 guilder=US\$0.263]

Industry	In guilders	In U.S. dollars	Industry	In guilders	In U.S. dollars
Textile industry (cotton):			Metals and machinery:		
1955.....	1.54	0.40	1955.....	1.50	0.39
1958.....	1.91	.51	1958.....	1.81	.48
1960.....	2.17	.58	1960.....	2.04	.54
Leather and leather products:			All manufacturing:		
1955.....	1.36	.35	1955.....	1.49	.39
1958.....	1.61	.43	1958.....	1.79	.47
1960.....	1.84	.49	1960.....	2.10	.56
Nonmetallic mineral products:					
1955.....	1.47	.38			
1958.....	1.64	.43			
1960.....	1.75	.46			

NOTE.—See beginning for interpretive notes describing the limited extent to which average wage data can be used for intercountry comparisons. Average earnings data do not include supplementary benefits.

TABLE 7.—Sweden: Average hourly earnings in selected industries, 1955, 1958, 1960, and 1961 (male workers)

[Exchange rate: 1 krona=US\$0.193]

Industry	In kronor	In U.S. dollars	Industry	In kronor	In U.S. dollars
Textile industry:			Metal products:		
1955.....	3.95	0.76	1955.....	4.67	0.90
1958.....	4.79	.93	1958.....	5.71	1.10
1960.....	5.31	1.03	1960.....	6.32	1.22
1961 (August).....	5.33	1.03	1961 (August).....	6.49	1.25
Leather and leather products:			All manufacturing:		
1955.....	4.19	.81	1955.....	4.64	.90
1958.....	5.19	1.00	1958.....	5.67	1.10
1960.....	5.86	1.13	1960.....	6.32	1.22
1961 (August).....	6.05	1.17	1961 (August).....	6.28	1.21
Nonmetallic mineral products:					
1955.....	4.34	.84			
1958.....	5.26	1.02			
1960.....	5.98	1.15			
1961 (August).....	6.08	1.17			

NOTE.—See beginning for interpretive notes describing the limited extent to which average wage data can be used for intercountry comparisons. Average earnings data do not include supplementary benefits.

TABLE 8.—Switzerland: Average hourly earnings in selected industries, 1955, 1958, and 1960 (skilled male workers)

[Exchange rate: 1 Swiss franc=US\$0.2326]

Industry	In Swiss francs	In U.S. dollars	Industry	In Swiss francs	In U.S. dollars
Textile industry:			Metals, machinery, etc.:		
1955.....	3.13	0.73	1955.....	3.23	0.75
1958.....	3.47	.81	1958.....	3.73	.87
1960.....	3.76	.87	1960.....	4.01	.93
Paper, leather:			All manufacturing:		
1955.....	3.19	.74	1955.....	3.24	.76
1958.....	3.71	.86	1958.....	3.69	.86
1960.....	4.09	.95	1960.....	4.00	.93
Nonmetallic mineral products:					
1955.....	3.08	.72			
1958.....	3.47	.81			
1960.....	3.87	.90			

NOTE.—See beginning for interpretive notes describing the limited extent to which average wage data can be used for intercountry comparisons. Average earnings data do not include supplementary benefits.

TABLE 9.—Germany, Federal Republic: Average hourly earnings in selected industries, 1955, 1958, 1960, and 1961 (male workers)

[Exchange rates: 1955-60: 1 DM = US\$0.2381; 1961: 1 DM = US\$0.25]

Industry	In deutsche marks	In U.S. dollars	Industry	In deutsche marks	In U.S. dollars
Textile industry:			Metal products, machinery, etc.:		
1955.....	1.66	0.40	1955.....	2.00	0.48
1958.....	2.22	.53	1958.....	2.46	.59
1960.....	2.58	.61	1960.....	2.85	.68
1961 (May).....	2.73	.68	1961 (May).....	3.03	.76
Leather and leather products:			All manufacturing:		
1955.....	1.72	.41	1955.....	1.96	.47
1958.....	2.11	.50	1958.....	2.49	.59
1960.....	2.47	.59	1960.....	2.88	.69
1961 (May).....	2.76	.69	1961 (May).....	3.14	.79
Ceramics:					
1955.....	1.83	.44			
1958.....	2.25	.54			
1960.....	2.80	.62			
1961 (May).....	2.81	.70			

NOTE.—See beginning for interpretive notes describing the limited extent to which average wage data can be used for intercountry comparisons. Average earnings data do not include supplementary benefits.

TABLE 10.—United Kingdom: Average hourly earnings in selected industries, 1955, 1958, 1960, and 1961 (male workers)

[Exchange rate: 1 penny = US \$0.0117. Data are for October each year, except for 1961]

Industry	In pence	In U.S. dollars	Industry	In pence	In U.S. dollars
Textile industry:			Metal products and machinery:		
1955.....	52.5	0.61	1955.....	59.3	0.69
1958.....	59.0	.69	1958.....	70.0	.82
1960.....	65.6	.78	1960.....	80.3	.94
1961 (April).....	70.4	.82	1961 (April).....	80.4	.94
Leather and leather products:			All manufacturing:		
1955.....	52.4	.61	1955.....	55.9	.66
1958.....	66.1	.70	1958.....	67.3	.79
1960.....	66.5	.78	1960.....	76.8	.90
1961 (April).....	70.1	.82	1961 (April).....	80.0	.93
Non-metallic mineral products:					
1955.....	54.2	.63			
1958.....	62.7	.73			
1960.....	69.9	.82			
1961 (April).....	73.5	.86			

NOTE.—See beginning for interpretive notes describing the limited extent to which average wage data can be used for intercountry comparisons. Average earnings data do not include supplementary benefits.

TABLE 11.—Japan: Average monthly earnings in selected industries, 1955, 1958, 1960, and 1961

[Exchange rate: 1 yen=0.2778 of 1 U.S. cent]

Industry	In yen	In U.S. dollars	Industry	In yen	In U.S. dollars
Textile industry:			Metal products:		
1955.....	10,497	29.16	1955.....	16,357	46.44
1958.....	11,546	32.22	1958.....	17,182	47.73
1960.....	14,343	39.84	1960.....	20,666	57.41
1961 (September).....	14,571	40.48	1961 (September).....	19,554	54.32
Leather and leather products:			All manufacturing:		
1955.....	14,364	39.90	1955.....	16,717	46.44
1958.....	16,729	46.47	1958.....	19,180	53.28
1960.....	20,643	57.35	1960.....	22,630	62.87
1961 (September).....	20,286	56.35	1961 (September).....	20,884	58.02
Nonmetallic mineral products:					
1955.....	17,444	48.46			
1958.....	18,539	51.50			
1960.....	22,012	61.15			
1961 (September).....	21,372	59.37			

NOTE.—See beginning for interpretive notes describing the limited extent to which average wage data can be used for intercountry comparisons. Average earnings data do not include supplementary benefits.

Sources: Year Book of Labour Statistics, 1961, International Labour Office, Geneva; Statistical Supplement, December 1961, International Labour Review, International Labour Office, Geneva; Institut National de la Statistique et des Etudes Economiques, Paris (information on supplementary benefits); International Financial Statistics, International Monetary Fund, Washington. Prepared by Division of Foreign Labor Conditions, Bureau of Labor Statistics, U.S. Department of Labor, March 1962.

The CHAIRMAN. Is it the intention of the United States to apply for admission to the Common Market?

Secretary HODGES. No, sir.

The CHAIRMAN. Have you any expectation of doing so in the future?

Secretary HODGES. No, I would not hazard a guess as to the future, Senator Byrd. I would certainly take our time as to that.

The CHAIRMAN. We hear much about partnership with the Common Market, rather than full membership. Will you explain how that would work?

Secretary HODGES. I think, Mr. Chairman, in sitting down with the Common Market or the European Community under the special provision of this bill we are beginning to create an economic partnership that will be very helpful to us in our trade with the other nations of the world.

I think if you will look at the Communist situation, which I won't go into detail: it is rather vital we have some kind of a working partnership, I think it does not call for membership in the Common Market itself.

The CHAIRMAN. Of course, the Common Market is not in full operation.

Secretary HODGES. It is in operation.

The CHAIRMAN. England hasn't decided, but she has made application, is that correct?

Secretary HODGES. Made application some time ago and the prospects for British entry look favorable, Mr. Chairman, although nobody can guarantee it.

The CHAIRMAN. When there are negotiations between this country and a member of the Common Market, do you deal with the individual nation or with all the Common Market?

Secretary HODGES. Well, you can do either one or both. Generally speaking, you are going to be dealing with the Common Market because they now sit down together as a group to agree on many of these things, but as we make arrangements with the Common Market group then we may have to have meetings with individual countries.

The CHAIRMAN. As of this date is there any tariff between nations in the Common Market on any product?

Secretary HODGES. Mr. Chairman and gentlemen, following the Rome treaty of 1957 and the understanding between the members of the Common Market, they have reduced their internal tariffs progressively: their internal tariffs by 50 percent, and their agricultural tariff by roughly 35 percent.

It is expected it will be down to zero, sir, in the next few years prior to 1970.

The CHAIRMAN. You do not anticipate at any time in the foreseeable future that you will ask that the United States become a member of the Common Market?

Secretary HODGES. No, sir.

The CHAIRMAN. And you are not certain whether you would deal with the Common Market as a whole or with the individual nations in the Common Market in negotiations of tariffs?

Secretary HODGES. I would like to ask Dr. Behrman to develop that more fully.

Mr. BEHRMAN. In those negotiations, Mr. Chairman, we will deal with the Community as a whole, since they are dealing with their common external tariff.

We negotiate on that common tariff. And therefore, when they negotiate with us, it is by a single representative, who must, in turn, go back to the members in order to obtain accession to the agreement worked out.

But also, as the Secretary indicated, there will be times under these total agreements when we will obviously have bilateral discussions with individual members of the Community who are particularly concerned, but we will not negotiate a tariff reduction with any one of them separately.

The CHAIRMAN. Will GATT still be in operation as it is now?

Mr. BEHRMAN. Yes, sir.

The CHAIRMAN. How are you going to deal with GATT, on the one hand, and the Common market, on the other.

Mr. BEHRMAN. Common Market negotiations would take place under the GATT machinery. The Common Market would be a member of the GATT, as it is now.

The CHAIRMAN. Are all the Common Market countries in GATT now?

Mr. BEHRMAN. Yes, sir.

The CHAIRMAN. What is the Latin American Free Trade Association? Is that the Western Hemisphere counterpart of the Common Market?

Mr. BEHRMAN. It is an association initiated by the most southern members of the South American Continent: Brazil, Argentina, Chile, Uruguay.

It is open to membership in all Latin America. It was in a sense a counter to the Common Market in that they felt that together they could bargain more effectively with the Common Market.

Mexico is now a member and also Peru. As I said, Brazil, Argentina, Chile, Uruguay, Colombia, Paraguay and Ecuador—I think all but Bolivia and Venezuela in the southern part of the hemisphere.

The objective is to reduce tariffs to zero among the South American members within 12 years, 8 percent a year, on items which they trade among themselves. There is not a common external tariff, however, as in the Common Market. They are a free trade area, not a customs union.

THE CHAIRMAN. Is that going to be a partnership between this country and the Latin American Free Trade Association on the same basis as a Common Market in Europe?

MR. BEHRMAN. No, sir. We would bargain with each one of them separately on tariffs since each country would continue to maintain its own tariff system with regard to the trade of nonmembers.

THE CHAIRMAN. I wish you would clarify the procedure in bargaining. It starts with GATT, does it not?

MR. BEHRMAN. Yes, sir.

THE CHAIRMAN. And then the administration decides whether to deal with the Common Market as a whole or with individual nations of the Common Market. Who makes that decision?

MR. BEHRMAN. There is no decision here, Mr. Chairman. The Common Market itself will bargain under GATT, under this authority, this bill, as a unit. It is a single customs union. They have a single common tariff or will have at the end of their transition period.

The Latin American countries, however, would not. They would each have their own separate external tariff. But they will bring their tariffs among themselves down to zero.

This is an organization similar to the European Free Trade Association of which the United Kingdom is a member.

THE CHAIRMAN. Wouldn't that operation lead inevitably to the abolition of tariffs in this country?

MR. BEHRMAN. I don't see any direct connection there, no, sir, because we would not be a member of the Latin American Free Trade Association nor of the Common Market. There is no requirement.

THE CHAIRMAN. Suppose the nations in the Common Market should become self-sustaining? Do you think we could still under those conditions impose a tariff on imports from the Common Market?

MR. BEHRMAN. I presume you mean by "self-sustaining," self-sufficient, in the sense they wouldn't need any imports?

THE CHAIRMAN. Self-sufficient—they would produce goods sufficient for their own use and would have no need to import.

SECRETARY HODGES. Mr. Chairman, I don't think as a practical matter that will ever occur. I would presume that France might repeat a lot of things made in Germany but France knows that Germany can do certain things better than they can and vice versa, and the whole world and the European market and elsewhere know there are certain things made by the United States they can't duplicate.

Now they might, if they want to live on an island to themselves, make these things at a certain price, but I don't believe that would be a normal procedure.

The CHAIRMAN. Mr. Secretary, you stated in your presentation, the protection lies first in tariff and then in quotas.

Would you continue using quotas where there is severe injury to certain industries by importation?

Secretary HODGES. Yes, they are available to us, sir, as they have been in the past under this bill.

The CHAIRMAN. What is the name of the originator, who was up at the White House?

Secretary HODGES. Jean Monnet.

The CHAIRMAN. Yes.

Secretary HODGES. I don't know, Mr. Chairman—

The CHAIRMAN. He didn't seem to approve of quotas at all. He says it wasn't in any way in harmony with the Common Market theory.

Secretary HODGES. Well, some of them still have quotas though, although I share Mr. Monnet's hope that they will eliminate these quotas entirely.

The CHAIRMAN. I think you will probably have some difficulty along those lines.

Is the President contemplating any new trade agreements during the next year?

Secretary HODGES. I don't know when they would get started, Mr. Chairman. It would take quite some time, I would think, before we could have a full blown trade agreement worked out. I am sure you would start the preliminaries by next year.

We just completed the one authorized in 1958 in the early part of 1962.

The CHAIRMAN. So you don't think—

Secretary HODGES. I don't think there is anything sudden in any of this.

The CHAIRMAN. I don't understand—but of course, you know better than I do—that the Common Market is in full operation?

Secretary HODGES. Yes, sir, it started in 1957 and it prescribed that certain tariff percentages shall be reduced among the members up to a certain point.

The CHAIRMAN. Have they completed agreements among themselves?

Secretary HODGES. Oh, yes, the six countries.

The CHAIRMAN. What are the tariff arrangements between members of the Common Market now?

Secretary HODGES. The members of the Common Market have reduced their internal tariffs by 50 percent.

If an item had a 30-percent tariff in 1957, it is now 15 percent.

The CHAIRMAN. 15 percent?

Secretary HODGES. Yes.

The CHAIRMAN. Is it true that the United States since the Hawley-Smoot tariff days has reduced tariffs by 75 percent?

Secretary HODGES. I expect that is roughly so.

The CHAIRMAN. What is the average tariff; is it about 5 percent?

Secretary HODGES. No, it is between 11 and 12.

The CHAIRMAN. Between 11 and 12. But we have reduced the tariffs since Hawley-Smoot more than the Common Market has done in proportion, is that not so?

Secretary HODGES. I can't answer in detail during the same period, but, according to the report of the Boggs subcommittee I would say the Common Market industrial tariff average is about 14 percent as against our 11.

The CHAIRMAN. Now, the peril point remains in the bill, does it not?

Secretary HODGES. Yes, sir, except the specifying of a precise figure that you cannot go below: 35 or 32 percent or something of that character.

The CHAIRMAN. But the escape clause does not—

Secretary HODGES. The escape clause is still in the bill, yes. So is the peril-point provision and added are the trade adjustment assistance features.

The CHAIRMAN. So actually there will be no new trade agreements made in this calendar year?

Secretary HODGES. I wouldn't think we would complete any general agreement this year, sir.

The CHAIRMAN. There is one question that has bothered me a good deal, and that is concerning the adjustment assistance section of the bill. I notice you said that a part of this assistance would be tax assistance.

Do you mean that you want Congress to authorize a reduction of taxes to be determined by the administration?

Secretary HODGES. It is a carryback provision, Mr. Chairman, such as you are thoroughly familiar with. It is a carryback on certain losses that these particular firms might have, because it runs from a 3-year allowable to a 5-year period for carryback on losses.

The CHAIRMAN. How would that be made, by law or would it be giving power to the administration to reduce taxes?

Secretary HODGES. Well, it would be authorized under the bill and, therefore, it would be law. Of course, it would be up to the Treasury Department to help work it out.

The CHAIRMAN. What kind of tax reduction would that be? I don't understand it.

Secretary HODGES. Simply a carryback of a loss so they could carry it back over a 5-year period and make a credit against a past gain, as against a 3-year period under present law.

The CHAIRMAN. If that should be done, it ought to be done on a general basis. I don't think the Congress ought to delegate to the administration authority to change the tax laws.

Secretary HODGES. Yes.

The CHAIRMAN. What standard is set up to determine whether an industry is injured by, what would you say, imports?

Secretary HODGES. Yes, sir. Imports. Where it has been determined that they were injured by imports, then the firm could apply for adjustment assistance.

The CHAIRMAN. What are the standards? Are they set forth in the bill? Who will determine whether they are injured or not, and if there has been no change in our tariffs, which you say they won't be for this coming year, how are they going to be injured?

Mr. BEHRMAN. The present bill, Mr. Chairman, would permit an application on account of injury resulting from previous concessions as well. This is not limited to the concessions under the authority of

this bill, but in fact carries over to the authority contained in previous acts.

So that, in effect, the escape clause procedure continues, but is amended to permit the administration to provide adjustment assistance, as well as tariff relief, to any applicant firm.

The standards are essentially those currently used by the Tariff Commission. They are mentioned also in the bill as including a reduction in profit rate, reduction in employment, or reduction in the use of capital equipment and facilities.

The determination as to whether or not the firm or industry has suffered injury from imports would be made, as currently, by the Tariff Commission. Once that determination has been made—

The CHAIRMAN. But, the Secretary said up to this date our protection has been in tariff and quotas?

Mr. BEHRMAN. That is correct, sir.

The CHAIRMAN. Are you going to abandon that?

Mr. BEHRMAN. No, sir.

Secretary HODGES. No, sir.

The CHAIRMAN. In lieu of that would you give direct assistance?

Secretary HODGES. The other is additional, Mr. Chairman.

The CHAIRMAN. The what?

Secretary HODGES. The other—adjustment assistance—is in addition. In other words, workers and firms—

The CHAIRMAN. Use an example, take a company—not by name—take a textile company.

Suppose this company was doing business in this country, in other countries, in South America, and elsewhere, how would you determine that they were injured by the Common Market and to what extent, 10 percent, 20 percent, 30 percent or what?

Mr. BEHRMAN. This would be done, Mr. Chairman, exactly the same way that the Tariff Commission currently does it under an escape clause.

The CHAIRMAN. Why not leave the Tariff Commission to perform its functions as they have in the past, and not set up an arbitrary arrangement whereby I suppose the President does this, or who does this? Who determines the standards whereby an industry is injured or not?

Mr. BEHRMAN. The Tariff Commission does.

The CHAIRMAN. The Tariff Commission?

Mr. BEHRMAN. Yes, sir. The difference here, Mr. Chairman—

The CHAIRMAN. You say the Small Business Administration, the Tariff Commission, the Departments of Agriculture, Commerce, Interior, and Labor all take a part in it?

Mr. BEHRMAN. Mr. Chairman, may I take your example—

The CHAIRMAN. The Secretary says it is going to be a simple operation. I believe if all those different agencies get involved in it it won't be so simple.

Secretary HODGES. That is to save money and to save another bureaucratic machine. This will be done in ARA and other agencies. The Department of Commerce has the residual authority to furnish adjustment assistance and it administers this authority as it deems necessary to carry out adjustment proposals, but it has the powers to parcel these functions out to Agriculture and Labor and so forth

as its agents. If you didn't do this you would have a lot of new people and lot of expense.

The CHAIRMAN. Suppose you determine by imports a certain industry is injured 20 percent, what would you do?

Mr. BEHRMAN. It depends what that 20 percent means. If it means 20 percent of the firms in the industry are injured—

The CHAIRMAN. 20 percent of what?

Mr. BEHRMAN. The firms, the companies.

Secretary HODGES. He wants one company.

Mr. BEHRMAN. Do you want one company or an industry?

The CHAIRMAN. Do you take the industry as a whole or a particular company?

Mr. BEHRMAN. The Tariff Commission under the new act would require taking the industry as a whole to study, as well as the individual companies therein.

Let's presume that 20 percent of the companies were found to be injured by the Tariff Commission. The Tariff Commission did not feel that that was sufficient to warrant an increase in the tariff, but still found injury for these companies.

The trade adjustment assistance provisions are there to assist those companies in retooling, making themselves more productive, getting a carryback as the Secretary said, getting some technical assistance from existing agencies of the Government coordinated through the Department of Commerce to make them more effective, more productive companies.

The CHAIRMAN. How can you do that on an industry basis? Take textiles—some companies make cheaper textiles, which are more subject to competition from Japan, for example. Others make better grade textiles.

Do you get down to the individual company?

Secretary HODGES. You do get it down, Mr. Chairman, to the individual company or companies as compared to the industry as a whole.

Let me repeat it very briefly.

Under the present law the Tariff Commission studies an industry and either gives tariff relief to all the industry or it doesn't give any. Individual companies involved which may have been severely damaged and really hurt—their profits down or losses up, they get nothing. But under this situation, a new feature in the bill called trade adjustment assistance, the Tariff Commission by studying these, say, 6 companies out of 60, may decide these 6 companies need some help, that they have been hurt, whereas the others have not been seriously hurt.

The CHAIRMAN. You do get it down to individual companies?

Secretary HODGES. You do.

The CHAIRMAN. I understood you to say you didn't.

Secretary HODGES. There was a misunderstanding. The act covers the individual companies; the tariff portion of it covers the entire industry.

The CHAIRMAN. Then you get it down to dollars?

Secretary HODGES. Number of dollars.

The CHAIRMAN. Injury in terms of dollars?

Secretary HODGES. You consider everything. The Tariff Commission will make a thorough study of everything about that company.

The CHAIRMAN. I understand before you give relief you have got to get it down to dollars; that is the thing we interchange in this country.

Suppose a company was injured to the extent of \$100,000. How would you give them relief?

Secretary HODGES. You wouldn't give them relief, Mr. Chairman, by giving them all or part of \$100,000. Whatever is wrong that makes them lose money or have unemployment will be disclosed by the study of the Tariff Commission and the experts. Then you will sit down with that company, based on its own proposal to you as a single proposal and say, "What you really need here is \$300,000 worth of new machinery of the most modern type that came out in the last 2 years and that many of your competitors have."

The man says, "I haven't got the money to buy it and I can't get credit from my bank because they won't make a long-term loan."

So we say, after referring it to the Small Business Administration and others, we may say, for example, "You get, if you qualify here as being able to make repayment, a 24-year loan or a 15-year loan at 4 percent, so that you can buy this machinery."

That may be all he needs.

The CHAIRMAN. Will that be a business loan?

Secretary HODGES. Yes, sir.

The CHAIRMAN. It will be a loan backed by assets.

Secretary HODGES. It will be tested by the Small Business Administration as they do all loans for businesses. And this will be a repayable loan; it will be a sound loan.

The CHAIRMAN. A lot of businesses don't get loans from the Government.

Secretary HODGES. Oh, yes.

The CHAIRMAN. All businesses get loans?

Secretary HODGES. I don't say "all." If they can qualify they can get a loan.

The CHAIRMAN. How do they qualify?

Secretary HODGES. They qualify by balance sheets, what they provide to the lender, the SBA primarily.

Senator BUTLER. He is talking about the Small Business Administration.

The CHAIRMAN. I do not fully understand it. Please give the committee a written explanation of how you would give the assistance, how much is technical and how much is financial assistance.

(The explanation referred to follows:)

EXAMPLE OF HOW A FIRM MAY OBTAIN TRADE ADJUSTMENT ASSISTANCE UNDER H.R. 11970

The ABC Corp. is a firm engaged in the production of widgets in the State of "Ames." Widgets are also imported into the United States, and the tariff on them has been lowered in a recent trade agreement. The ABC Corp.'s production is reduced, its profits fall, and it lays off a number of its workers. The firm feels that it has been injured by the import competition.

The ABC Corp. files a petition to this effect with the Tariff Commission. The Commission investigates the situation and determines whether, as a result of concessions granted under trade agreements, increased imports of widgets are causing or threatening to cause serious injury to the ABC Corp. To determine serious injury, the Tariff Commission must consider any economic factors it

deems relevant. These may include inability to operate at a profit, idling of equipment, and unemployment or underemployment of workers. Within 60 days the Tariff Commission must report the results of its investigation to the President (sec. 301(c)(1)).

In addition, the Commission undertakes an investigation to determine whether increased imports are injuring the entire industry (sec. 301(b)(1)).

In making these determinations, the Commission must hold public hearings and give all interested parties an opportunity to be heard (sec. 301(d)).

If the Commission finds that the ABC Corp. has been injured as a result of increased imports, the President may certify the firm as eligible to apply for adjustment assistance (sec. 302(c)).

The ABC Corp. would then file an application with the Secretary of Commerce indicating its need for assistance. Within a reasonable time it must submit a proposed project designed to alleviate its difficulties. The adjustment proposal must be certified by the Secretary of Commerce to (1) provide assurance of contributing to a successful adjustment, (2) give adequate consideration to the interests of the workers involved, (3) assure maximum self-help by the firm (sec. 311(a)(b)).

ABC Corp. may seek the advice of an engineering consulting firm, for example, in drawing up an effective rehabilitation project, and the fees for this study may be shared by the Federal Government out of funds appropriated for technical assistance functions (sec. 311(c)).

The consultant's study might, for example, indicate that the firm could achieve a 20-percent reduction in unit production costs by purchasing and installing a new high-speed widget press. ABC Corp. might adopt this project as its adjustment proposal. The Secretary of Commerce would check the feasibility of this plan through the Business and Defense Services Administration and other appropriate sources. He would also investigate other factors such as the reliability and effectiveness of the firm's methods of management.

The proposal might call for a Federal long-term loan of \$400,000, not including \$100,000 to be put up by the firm for the project and \$300,000 to be obtained from a local bank. The firm might also propose to apply to the project tax refunds of \$25,000 expected from carryback of current losses by as many as 5 years into the past.

If the Secretary of Commerce determines that the firm's loss arose predominantly out of an enterprise seriously injured by increased imports resulting from trade agreements concessions, and that a tax refund will materially contribute to the firm's rehabilitation, he certifies the firm to the Treasury Department as eligible for tax assistance. The Treasury will then compute the amount of tax refund due the firm (sec. 317).

After carefully weighing all factors, the Secretary of Commerce forwards the proposal to the appropriate agency or agencies for implementing the technical and financial assistance aspects of the proposal. In this example he would send the proposal to the Small Business Administration, recommending approval of the adjustment loans called for (sec. 312(a)).

The SBA, after further analysis, may approve the loan, in which case the loan is made out of SBA funds. Alternatively, SBA may decide not to make the loan or to make only part of it.

In the latter cases, the Secretary of Commerce could then decide to make the loan under the terms and conditions specified in sections 313, 314, and 315 (sec. 312(c)).

The CHAIRMAN. I don't believe businessmen would approve of experts, so-called experts, coming into their plants and telling them how to run it. And you are going to encourage them to borrow money from the Government to do something they should do themselves?

Now, when it comes to the labor part of it—I want to cite one difficulty about that—in Virginia, a Federal benefit cannot be paid the same week as a State benefit. When these people are unemployed, do you propose to put them on the unemployed insurance or not?

Secretary HODGES. If they are unemployed, sir, they will get the unemployment insurance that the State affords under its law, and they will get whatever difference, if there is any, from this Federal grant.

The CHAIRMAN. I understood you to say when you were in my office that they would not federalize the unemployment?

Secretary HODGES. They are not going to federalize unemployment insurance, and Mr. Goldberg made that testimony in the House, Ways and Means Committee and will make it before you.

What they do, Mr. Chairman—I am thoroughly acquainted with what you are saying about Virginia because I checked this personally with seven State Governors and agencies, where they have something in the law which says that they may not qualify. Actually it can be worked out, and it has been proved to anybody who will sit down and talk it over that it can be worked out.

Here is the thing you are talking about and we will have a piece of paper for all of you to outline it for you: if a State maybe giving \$30 a week, and it may be that for adjustment allowances, you might have an average of \$47 a week, under this provision.

Well, the extra \$17 would be paid by the Federal Government, and there is precedent for this as I have given you in my testimony.

(The following was later received for the record:)

Comparison of trade readjustment assistance with State unemployment insurance for average worker adversely affected by imports

State	\$75 weekly earnings, weekly payment ¹		State	\$75 weekly earnings, weekly payment ¹	
	State unem- ployment insurance ²	Trade readjust- ment assist- ance		State unem- ployment insurance ²	Trade readjust- ment assist- ance
Alabama.....	\$32	\$49	Montana.....	\$34	\$49
Alaska.....	\$44-69	49	Nebraska.....	34	49
Arizona.....	35	49	Nevada.....	\$37.50-57.50	49
Arkansas.....	30	49	New Hampshire.....	40	49
California.....	39	49	New Jersey.....	39	49
Colorado.....	45	49	New Mexico.....	36	49
Connecticut.....	\$38-54	49	New York.....	38	49
Delaware.....	39	49	North Carolina.....	35	49
District of Columbia.....	\$43-48	49	North Dakota.....	36	49
Florida.....	33	49	Ohio.....	\$38-49	49
Georgia.....	35	49	Oklahoma.....	32	49
Hawaii.....	40	49	Oregon.....	38	49
Idaho.....	38	49	Pennsylvania.....	39	49
Illinois.....	\$38-40	49	Rhode Island.....	\$36-48	49
Indiana.....	36	49	South Carolina.....	34	49
Iowa.....	\$30-41	49	South Dakota.....	33	49
Kansas.....	39	49	Tennessee.....	32	49
Kentucky.....	37	49	Texas.....	37	49
Louisiana.....	35	49	Utah.....	38	49
Maine.....	33	49	Vermont.....	37	49
Maryland.....	\$35-43	49	Virginia.....	32	49
Massachusetts.....	\$37-73	49	Washington.....	41	49
Michigan.....	\$30-40	49	West Virginia.....	32	49
Minnesota.....	38	49	Wisconsin.....	38	49
Mississippi.....	30	49	Wyoming.....	\$39-45	49
Missouri.....	39	49	Puerto Rico.....	16	49

¹ \$75 represents the estimated average weekly wage of workers in some 30 industries.

² Where 2 figures are shown for a State, the higher figure represents the amount payable with maximum number of compensable dependents for the indicated wage.

³ Maximum benefit amount.

Source: Prepared by U.S. Department of Labor, May 28, 1962.

The CHAIRMAN. Why do you say it is not federalized?

Secretary HODGES. There is no idea, and it is absolutely in the record that it has nothing to do with federalizing the unemployment insurance program.

The CHAIRMAN. You would have different rates of unemployment insurance for an industry that is allegedly injured by the imports—

Secretary HODGES. No.

The CHAIRMAN. It is true this additional amount might be paid out of the Federal Treasury but the employees would get a different benefit, different amount.

Secretary HODGES. Yes, it is entirely possible that an employee on one side of the street could get \$32 and one on the other side could get \$42 because of this Federal situation.

That is entirely possible. But actually I think it is about nine States—

The CHAIRMAN. I can't see why you say then you are not federalizing it to the extent you are paying a rate through the Federal Treasury more than that State pays in unemployment to those that are not injured by the imports.

Secretary HODGES. It is true in some States, Mr. Chairman.

In other States it is not. Some States, I think there are about 9 or 10 of them, now pay more or up to 65 percent of the average weekly wage of the work in question.

The CHAIRMAN. Have you got a schedule of that?

Secretary HODGES. You can't tell until you know what firms and workers may be out of work because of the Tariff Act or tariff action on the part of the President.

The CHAIRMAN. Who is going to determine the rate they get?

Secretary HODGES. Well, you will determine it on two bases: the law would permit, sir, as passed by the House, that a worker could get 65 percent of his average weekly wage or the average of the weekly manufacturing wage nationally, whichever is lower, for 12 months.

The CHAIRMAN. The Secretary of Labor determines that?

Secretary HODGES. Yes, it would be administered through the Department of Labor, sir. And this is exactly like the case of the Korean war benefits.

The CHAIRMAN. You know, Mr. Secretary, we have had a number of battles in the Senate and Congress as to federalizing the unemployment insurance, requiring them to pay on a general standard, and up to this date the Congress has refused to do that. On this proposition you are going through the back door.

Secretary HODGES. No; all I can say, sir, to you is that you have the testimony in the record of the distinguished Secretary of Labor saying—

The CHAIRMAN. Why can't you take the unemployment insurance of that particular State? Why do you want to have two classes of insurance with one company getting Federal payment, and another company gets the State payment paid by the employers, side by side.

Wouldn't that create some dissatisfaction?

Secretary HODGES. Basically, Mr. Chairman, where there is a tariff situation and a worker is thrown out of work, you are likely to have a more extended period of unemployment. When anybody gets unemployed, basically they can't for too long live on that, they are going to use up their savings.

The CHAIRMAN. If you make it 39 weeks they can live on it, most of them, can't they, and that is the proposal before the Congress.

Secretary HODGES. Well, one State, Mr. Chairman, has 39; some have 26, and some have fewer.

The CHAIRMAN. Mr. Secretary, I talked to you fully about this. The President of the United States, when he was a Senator introduced a bill for 39 weeks and I understand he still favors it regardless of the conditions in those particular States.

Secretary HODGES. Mr. Chairman, all I can say is that this bill has nothing to do with federalizing unemployment, nothing whatever.

The CHAIRMAN. Will you give a signed statement saying that?

Secretary HODGES. Surely. Be glad to.

(The following was later received for the record:)

THE WORKER ASSISTANCE PROVISIONS OF THE TRADE BILL (H.R. 11970) DO NOT FEDERALIZE THE UNEMPLOYMENT INSURANCE SYSTEM

The trade readjustment assistance program for workers contained in the trade expansion bill (H.R. 11970) will not federalize the Federal-State unemployment insurance system.

1. The administration has not, and will not, propose such federalization.
2. Such federalization cannot occur without action by the Congress.
3. Mere differences in amount between the Federal trade readjustment allowance and State unemployment insurance does not constitute federalization of the State system.
4. Existing and past programs that have treated one group of workers differently from another have not resulted in federalization of the State unemployment insurance system. Congress passed a railroad unemployment insurance law over 20 years ago which treats unemployed railroad workers differently from the way that State unemployment insurance laws treat other unemployed workers. This has not resulted in federalization of the Federal-State unemployment insurance system nor has it resulted in States' adopting provisions like those in the Railroad Unemployment Insurance Act. Similarly, the Servicemen's Readjustment Act of 1944 and the Veterans' Readjustment Assistance Act of 1952 both treated workers released from the Armed Forces differently from the way State unemployment insurance laws treated other workers, including those laid off by defense plants.
5. Any changes in the Federal-State unemployment insurance system that may be proposed will be developed on their own merits and their relationship to that system.

Secretary HODGES. Mr. Goldberg also so stated.

The CHAIRMAN. When the Federal Government contributes to unemployment in a State in the manner you have just suggested, you admit that you would then raise the benefits above the State level, didn't you?

Secretary HODGES. I said in some States you would, sir.

The CHAIRMAN. Why is it necessary to put employees, who are out of work by reason of the imports in a different category from those who are unemployed for some other reason?

Secretary HODGES. Well, as I started to say a while ago, you will find that in a tariff situation you may have a longer period of time, and the person because of his savings he has had to use up ought to have a higher rate generally on the average, and as Mr. Goldberg said (and he said it on page 717 of the House transcript), it had nothing to do with the federalization of unemployment benefits.

We will be glad to add our own statement.

The CHAIRMAN. Is the time over which they can draw this benefits limited?

Secretary HODGES. Yes, sir.

The CHAIRMAN. What is the limit?

Secretary HODGES. The limit is 12 months.

The CHAIRMAN. 12 months.

Secretary HODGES. With two exceptions to the 12 months: one if a person is taking retraining and the Administrator decides he needs up to 26 extra weeks, and two, if the man is 60 years of age, up to 13 weeks could be added.

Those are the two exceptions.

The CHAIRMAN. Suppose he doesn't get the job back; suppose these imports instead of being lessened are increased, he gets it for 12 months longer or just one period of 12 months?

Secretary HODGES. Whenever he goes back to work, of course, it stops and if he doesn't accept retraining it doesn't start.

The CHAIRMAN. Mr. Secretary, take examples, without naming them, one in textiles and one in steel and so forth and show exactly how this works and how it applies to those who are let off by reason of imports?

Secretary HODGES. The whole thing is based on import injury, sir.

The CHAIRMAN. Suppose the imports stop or they are able to export, through another market; they may lose imports from the Common Market, but they may gain in a market elsewhere.

Secretary HODGES. If they are operating and the man has a job, there is no question at all, nothing comes up about it. Only when the firm is injured and workers are laid off because of import action on the part of the Federal Government.

The CHAIRMAN. You will take a concrete example?

Secretary HODGES. Yes.

The CHAIRMAN. And give it for the record?

Secretary HODGES. You can take an industry—let's call it the steel industry, if you want to. Whereas the steel industry as a whole cannot get tariff relief (which is the way it operates now, it has to be injury to the industry as a whole), you take this industry, let's say it has 60 units or companies in it.

They cannot prove a case on an industrywide basis. There might be one company in Birmingham or somewhere else, where they simply are losing money, and have unemployment and can prove, and it is not too easy to prove, they can prove that this work has stopped because of imports, say, from Japan or Germany. Then that company is in trouble, and it puts off 100 of its workers.

Then after the Tariff Commission finds the facts, those workers apply through the Department of Labor and the firm may or may not apply through the Department of Commerce or somewhere else for help.

Suppose those workers apply. If after the State itself has decided through the State unemployment commission that this man has qualified for unemployment insurance, they pay their part of it. It may be \$31, say, in Albany; it may be \$38 or \$47 from the standpoint of a national wage, or his average wage in that steel industry. Then he is eligible to get a Federal supplement to bring it up to 65 percent of the wage he has been drawing or 65 percent of the average national wage in manufacturing industries, whichever is lower. He can get it for 12 months.

He is offered retraining. If he doesn't take retraining without some good excuse (and I don't know what it would be), he is not given anything. He has to qualify, both under the State law and under our retraining in order to get it.

The CHAIRMAN. Suppose within 12 months the company recovered its business, would this man still be on unemployment?

Secretary HODGES. Oh, no, he is all through. If they should call him back to work 3 months after he started or 3 weeks after he started, then he doesn't get any further assistance.

It is just like it operates now, Mr. Byrd.

The CHAIRMAN. I would like you to write it down.

Secretary HODGES. I would be glad to.

(The following was later received for the record:)

EXAMPLE OF HOW A WORKER GETS ASSISTANCE UNDER THE TRADE BILL
(H.R. 11970)

The ABC corporation is a firm engaged in the production of widgets in the state of "Ames." Widgets are also imported into the United States. The ABC corporation lays off a number of its workers. They believe it is due to the effect of the imported widgets.

If the ABC workers wish to seek assistance under the trade adjustment provisions of the Trade Act, they may petition the Tariff Commission through a duly authorized representative (sec. 301(a)(1)).

The Tariff Commission must determine and report to the President within 60 days whether unemployment or underemployment of a significant number or proportion of ABC's workers has been caused by increased imports of widgets which have resulted from a concession granted under a trade agreement on widgets (sec. 301(c)(2), (f)(1), (f)(3)).

In addition, upon receipt of the worker's petition the Tariff Commission must determine within 120 days whether the widget industry has been injured by the increase of foreign widgets (sec. 301(b)(1)).

In making these determinations the Commission must hold public hearings and give all interested parties an opportunity to be heard (sec. 301(d)).

If the Tariff Commission finds the workers' unemployment is due to the specified cause, the President may certify that the workers are eligible to apply for assistance (sec. 301(c)). He must include the date on which the unemployment began (sec. 302(d)).

The President may terminate such a certification of eligibility at any time he finds that subsequent unemployment in the ABC corporation is no longer due to increased imports of widgets (sec. 302(e)).

Any unemployed worker covered by the certification may apply for assistance with a local office of his State employment security agency, which will administer the program under contract with the Federal Government as provided by the act (sec. 331).

The State agency then determines whether the worker has met the act's qualifying requirements.

The separation from employment must have begun after the effective date of the act, after the date specified in the certification, and within 2 years after the date of certification (sec. 332(b)).

The worker must have worked, for any employers, a year and a half out of the 3 years preceding his separation, and for the ABC company one-half year of the last year preceding his separation (sec. 322(c)).

The worker must also be available for work, and not disqualified under his State unemployment insurance law, except that he may take approved training (sec. 325).

If the worker meets all these tests, he is eligible for any or all of the various forms of assistance under the act: (1) cash allowances, (2) training for vocational adjustment, and (3) relocation allowances.

The most an unemployed worker can receive in cash allowances is 65 percent of his average weekly wage, but in no event more than 65 percent of the average manufacturing wage (sec. 323(a)). Thus, if a worker's average weekly wage with the ABC company was \$75, his cash allowance would be \$49. If a worker's average weekly wage was \$98 or \$150, his cash allowance would be the maximum, which on the basis of the present average manufacturing wage would be \$61.

Deducted from this amount is (1) any State unemployment insurance he receives for the same week and (2) 50 percent of any remuneration for services he receives in the same week (sec. 323(a) and (c)).

For example, if a \$75 a week worker gets \$36 a week in State unemployment benefits, his cash allowance under the Federal act would be reduced accordingly.

If the worker would receive more than 75 percent of his average weekly wage from any of these sources the cash allowance under the Federal act would be reduced accordingly (sec. 323 (e)).

The first obligation of the State agency is to determine whether the worker can obtain a job with his present skills. If not, the State agency has an obligation to determine if he can find a job through appropriate training. When a suitable training course is available it will be offered to him (sec. 326 (a)).

Before this referral, however, there must be consultation with the ABC company and the workers' representative to determine whether the training can be directed to reemployment with the company (sec. 326 (b)).

There is also an obligation on the ABC company, if it wishes assistance under this act, to make every reasonable effort to readjust in such a manner as to reemploy these workers (sec. 311 (b)).

During any training period under this act the worker will be entitled to the cash allowances described above (sec. 323 (b)).

If the training facility is not within commuting distance from his home, the worker will get travel expense and subsistence of not more than \$5 a day (sec. 326).

The worker may refuse the training offered. However, if he refuses training or fails to make progress without good cause, his cash allowance will be discontinued until he enters or resumes training (sec. 327).

In general, workers can receive no more than 52 weeks of cash allowances which must be drawn within 2 years (sec. 324 (a) and (b)).

Workers over 60 years of age can draw up to 13 additional weeks (sec. 324 (a) (2)).

Workers who have not completed their training at the end of the 52-week period can receive up to 26 additional weeks of cash allowances (sec. 324 (a) (11)). This may be due to the fact that no suitable training was available until he had been unemployed for part of the 52-week period.

In order to prevent pyramiding of cash benefits, the 52-week cash allowance period will be reduced by the number of weeks the worker is entitled to State unemployment insurance or a training allowance under another Federal law.

Relocation allowances are also available to a displaced worker who is a head of a family and who cannot find employment in the area where he resides, has a job or bona fide offer of a job in another area, and wishes to make the move (secs. 328 and 329). The allowance covers the reasonable and necessary expenses of the move, and also provides a lump-sum payment of 2½ times the average weekly manufacturing wage.

In the case of a finding of industry injury, as distinguished from findings with respect to firms or workers, any workers within the industry who have not filed a petition for assistance prior to such industry finding, must file their petitions with the Secretary of Labor. The Secretary may receive such worker petitions and make a determination of their eligibility to apply for assistance, only if the President, after receiving the finding of industry injury from the Tariff Commission, so authorizes.

In all industry injury cases, the President, after receiving the Tariff Commission report, may do the following: (1) Provide tariff adjustment for the industry, (2) provide that the industry's workers may apply to the Secretary of Labor for certifications of eligibility (or, in the case of firms, to the Secretary of Commerce), or (3) both (sec. 302 (a)).

The CHAIRMAN. And make it simpler than I think it is.

Senator KERR?

Senator KERR. Mr. Secretary, you said our tariff averaged around 11 or 12 percent.

Secretary HODGES. Yes, sir.

Senator KERR. Does that take into account imports with reference to which there is no tariff at all or does that apply only with reference to those articles on which there is some tariff?

Mr. BEHRMAN. That applies to dutiable items.

Secretary HODGES. This is the average tariff on dutiables, Senator Kerr.

Senator KERR. I thought so.

Secretary HODGES. Yes.

Senator KERR. If you included all imports including those with reference to which there is no tariff?

Secretary HODGES. You would have a much lesser figure.

Senator KERR. Then the chairman's figure of 5 or 6 percent is accurate?

Secretary HODGES. That is right.

Senator KERR. Now, the average tariff as between the countries within the Common Market is 14 percent, I believe you used that figure.

Secretary HODGES. Yes, sir, on industrial products.

Senator KERR. That is with reference to all commodities, isn't it, including those with reference to which there is no tariff?

Secretary HODGES. It is the same comparison, Senator Kerr, as the one we gave you. It would be the tariff on dutiable items. It would be 14 against 12, if we could just keep it simple that way.

Senator KERR. Are you certain of that?

Secretary HODGES. Well, reasonably certain; I will double check it.

Senator KERR. I wish you would.

Secretary HODGES. We will be glad to do it.

Senator KERR. I could understand how the reduction there since 1957 wouldn't have been as much as it has been here since 1934. In other words, I could understand the differential if it existed. I think it is quite important for the record that we have the accurate information.

Secretary HODGES. All right, sir.

(The following was later received for the record:)

COMPARISON OF EEC AND U.S. AVERAGE DUTY RATES ON IMPORTS

The comparison showing the EEC average duty rate on imports of industrial goods at 14 percent and the comparable U.S. average rate of 11 percent was made in a 1961 report on "Trade Restraints in Western Community" (p. 6), prepared by the Subcommittee on Foreign Economic Policy of the Joint Economic Committee of the Congress. The figures were intended to reflect the situation as it existed before the most recent round of tariff negotiations. They were based on dutiable articles only.

The comparison of national duty levels is a difficult task; many authorities believe that it is not possible to work out comparisons with any degree of accuracy. Nevertheless, in an attempt to compare the common external tariff of the EEC and U.S. duty levels on a weighted average basis (taking into account mutual reductions agreed to at the recent trade negotiations), the Department of Commerce and the U.S. Tariff Commission recently prepared studies whose findings are that the weighted average of EEC duties on nonagricultural products (excluding petroleum products and most chemicals) is 5.7 percent and the comparable figure for the United States is 7.1 percent. Trade in petroleum products and in most chemicals was excluded from this comparison because EEC duty levels had not been established at the time of the study. These comparisons were adjusted to take into account the fact that the EEC charges duties on a c.i.f. basis and the United States on f.o.b., and reflect trade in both dutiable and nondutiable items.

These statistics cover nonagricultural products only, since the EEC has not yet established common tariff rates on several important farm products and since in both the EEC and the U.S. agricultural imports are subject to various controls that cannot be calculated in terms of a tariff rate.

The difference between this set of figures and those mentioned above is due primarily to the fact that the latter figures were computed on the basis of all imports, both dutiable and free, whereas the former covered only those which were dutiable.

Senator KERR. You said the Tariff Commission under this bill would look at the economic condition of individual companies as it might be affected adversely by imports instead of at the overall industry of which it is a part.

The gentleman next to you, what is his name?

Secretary HODGES. Dr. Behrman.

Senator KERR. Behrman?

Secretary HODGES. B-e-h-r-m-a-n, Assistant Secretary of Commerce for International Affairs.

Senator KERR. I don't want to have to remember everything, I just want to remember his name. [Laughter.]

I believe he indicated that the Tariff Commission under the authority in this bill could look at an individual company which might have been a part of an industry heretofore seeking relief and having had it denied because no overall injury to the industry had been established, yet under this bill one such company or more within that industry who had actually been injured could now come in on the basis of injury as of previous times and secure relief under the provisions of this bill?

Mr. BEHRMAN. Can get an investigation, yes, sir.

Senator KERR. Well, it wouldn't be investigated if there weren't relief available, if the investigation disclosed individual injury, would there?

Mr. BEHRMAN. The relief available under this bill, Senator, for a firm—

Senator KERR. Is that an individual business?

Mr. BEHRMAN. Individual business.

Senator KERR. Let's don't try to confuse each other on terms.

Mr. BEHRMAN. I am sorry.

Senator KERR. If you want to use a different term than I do you tell me what it is and I will use it with you.

Mr. BEHRMAN. An individual company can get only trade-adjustment assistance under this bill. As presently, the tariff relief can be given only to an industry, if an industry is found to be injured.

Senator KERR. That is under present law?

Mr. BEHRMAN. Under present law, they get tariff relief.

Senator KERR. Yes.

Mr. BEHRMAN. Under the present bill before you, if the industry comes in and is found to be injured, it can also get tariff relief.

Senator KERR. But only on the basis of the industrywide injury?

Mr. BEHRMAN. Industrywide injury—that is correct, sir.

Senator KERR. All right. You are going to eventually get around to the basis of my question, just take as long as you want to.

Mr. BEHRMAN. All right. Now, a firm, an individual company coming in can be determined to be injured by the Tariff Commission, though the industry is not.

Senator KERR. Under this bill?

Mr. BEHRMAN. Under this bill.

And the Tariff Commission would then recommend to the administration that relief be extended under the trade adjustment assistance provisions.

Senator KERR. Of this bill?

Mr. BEHRMAN. Of this bill.

Senator KERR. What I asked you was if this bill does not give the authority for relief to an individual company who may have heretofore been injured prior to the enactment of this law, if it is enacted, and at the time when the Tariff Commission heretofore had found that the industry of which this individual company is a part had not been injured.

Mr. BEHRMAN. Only if the injury is continuing and it exists today.

Senator KERR. In other words, if the company is still struggling along and surviving by reason of injury heretofore received, it would be eligible?

Mr. BEHRMAN. Yes, sir; if it is still being injured by import competition.

Senator KERR. But if it had died sometime previous to the enactment of this bill, the help would not be available?

Mr. BEHRMAN. That is correct. No resuscitation.

Senator KERR. In other words, you have got a 15-foot rope and if that boy is 16 feet out he is not going to get it. [Laughter.]

Mr. BEHRMAN. He can't even apply. He doesn't exist.

Senator KERR. He can apply, he may still be in existence. Suppose that company is still in existence but operating on a very limited basis, and with reference to some phase of its operation which was a part of the total at the time industry relief was denied would it be eligible now for relief with reference to that part of its business which might have been killed heretofore because of imports?

Mr. BEHRMAN. But no longer exists.

Senator KERR. It is no longer engaged in that part of the business at the time the industry application was made.

Mr. BEHRMAN. If the injury on which it would apply is with reference to that portion which no longer exists, I would presume that the regulations of the Tariff Commission would not entertain that application at all.

Senator KERR. What about the provisions of the bill?

Mr. BEHRMAN. The bill does not speak to that particular point.

Senator KERR. You mean that it grants authority to the Tariff Commission to make provision for relief under its regulations or on the basis that would implement the provisions of this bill?

Mr. BEHRMAN. The way we interpret the bill, Senator—

Senator KERR. Let me interpret it. You tell me that it says. [Laughter.]

Your interpretations are not binding on the Tariff Commission, behold, I perceive a mystery. There is a difference of opinion here. [Laughter.]

That might happen on the Tariff Commission.

What is your name?

Mr. JONES. Peter Jones.

Senator KERR. Are you a doctor?

Mr. JONES. No, sir. [Laughter.]

Senator KERR. All right, Mr. Jones, what is your answer to my question?

Mr. JONES. I believe that there is language in the statute—

Senator KERR. In this bill?

Mr. JONES. In this bill, which indicates, and I will read the language if you want me to.

Senator KERR. Why not say "which makes it possible"?

Mr. JONES. Which makes it possible, if not required, that you would only be able to give adjustment assistance to a firm if it could be shown that its existing operations, in existence at the time it came in to apply, were being injured at that time, and its injury was caused by imports.

Senator KERR. In other words, if a portion of its business or its entire operation has heretofore been fatally connected you can't resurrect him?

Mr. JONES. Yes, sir.

Senator KERR. You cannot?

Mr. JONES. You cannot.

Senator BUTLER. Mr. Chairman, will the Senator yield at that point?

Senator KERR. Yes.

Senator BUTLER. Page 27 of the bill, Mr. Jones, provides that groups of workers may file these petitions; it is perfectly possible that a group of workers of a defunct company may be right in that small town or village or whatever it is. Would they have the right to apply and get benefits under this bill?

Mr. JONES. They would, but only prospectively. Their unemployment has to occur after the act goes into effect.

Senator BUTLER. Well, it couldn't be because the case supposed is that the company has ceased to operate in that particular field.

Mr. JONES. They would then not be able to—

Senator BUTLER. They would be barred as would the company?

Mr. JONES. That is right.

Senator KERR. The record does not reflect the movement of your head.

Mr. JONES. That is also correct.

Senator KERR. Under this bill, the Small Business Administration would be authorized to make loans to businesses not heretofore eligible under the definition of "small business," would it not?

Secretary HODGES. Yes, if requested by the Secretary of Commerce in using the residual authority. This bill simply refers to the SBA as it exists. If SBA would have authority under another bill it would be governed by whatever it has, sir.

Senator KERR. Mr. Secretary, you are one of the brightest men I know but I wish you would remember that you are talking to a man that is not that bright. I had a very simple question.

Under existing law, the Small Business Administration is authorized to make loans to those businesses which under the law are defined as "small businesses"?

Secretary HODGES. That is right.

Senator KERR. And no other?

Secretary HODGES. That is generally right.

Senator KERR. Under this bill, would the Small Business Administration be authorized to make loans to businesses not now eligible for those loans as small business?

Secretary HODGES. That is right, but it would have to be approved or authorized by the Secretary of Commerce in the use of the so-called residual authority.

Senator KERR. I understand. I am for that provision in the bill.

Secretary HODGES. That is right, the answer is "Yes."

Senator KERR. Yes.

It expands the authority of the Small Business Administration insofar as the eligibility of those who could obtain a loan?

Secretary HODGES. That is right as a practical matter.

Senator ANDERSON. There is another man shaking his head down there. He says "No." Mr. Jones. [Laughter.]

Senator KERR. Do you agree with that, Mr. Jones?

Mr. JONES. Yes, sir.

Senator KERR. You stated a while ago, Mr. Secretary, and it was a statement that was very reassuring to me and I hope to many other members of the committee, that this bill does not disturb the authority for the imposition of quotas on imports, let us say, under the national security provision of the existing law.

Secretary HODGES. That is right, Mr. Senator.

Senator KERR. The same authority would be extended under this bill.

Secretary HODGES. That is right.

The President cannot in any negotiation affect any protection which has already been given under the security provisions.

Senator KERR. Under this bill, can we make concessions to the Common Market without those concessions being automatically available to all other countries with whom we have trade agreements?

Secretary HODGES. No. You have to give to other countries under the present arrangements, sir, what is known as the most-favored-nation treatment, namely, treating them as you do the Common Market if you make the deal with the Common Market.

Senator KERR. So if we make concessions to the Common Market, to let them import into this country any product or any commodity tariff free, that concession with reference to that product or that commodity, would automatically be available to any other nation with whom we have a trade agreement?

Secretary HODGES. That is right. That has been true right along.

Senator KERR. What effect does this 80-percent provision have on that, if any?

Secretary HODGES. Well, it adds, Senator Kerr, to the importance of that provision.

Senator KERR. Say this over.

Secretary HODGES. It adds to the importance of it, of the point you have made. It makes it more serious to the 80-percent provision where you could go to zero reciprocally. It makes it a more serious situation, but also gives us a greater opportunity of dealing with it.

Senator KERR. Here is the reason I asked that question:

As I understand this bill certain authority for concessions under it can be made only if the trade and commerce in the world with reference to that particular commodity or product is had to the extent of 80 percent by the Common Market and the United States.

Secretary HODGES. That is right, sir.

Senator KERR. Now, if that is true, wouldn't that take that concession, with reference to that product or that commodity, out from under the favored-nations clause insofar as the trade agreement be-

tween this country and a different country and that of the Common Market, because of the fact that that one condition would not prevail as between our country and this other country with whom we had this agreement but with the reference to whom the 80-percent eligibility requirement wouldn't exist?

Secretary HODGES. On the face of it, it would look that way, Senator. But that is not true.

We would have to give most-favored-nation treatment to other countries.

Senator KERR. How would you look upon a provision in this bill that would change that?

Secretary HODGES. I think we are going to need this kind of thing, because—

Senator KERR. Wait a minute.

You say, "I think we are going to need this kind of thing."

Secretary HODGES. Well, I will answer your question more directly without an opinion. I would be against changing it.

Senator KERR. Well, then, why put the 80-percent provision in here?

Secretary HODGES. Well, you have got to have some basis of determining what you do, it could be 75 or 85, but upon study we figure the 80-percent figure—

Senator KERR. I can understand that and I approve it.

Secretary HODGES. Yes.

Senator KERR. But why say that you can't make it to the Common Market unless it is with reference to a commodity or a product with reference to which the United States and the Common Market has 80 percent of the world's trade and commerce and yet have it so that once you do that it is applicable maybe to some nation that doesn't have 1 percent of the world's trade and commerce in that article?

Why would you make a benefit that would be available to the Common Market only under certain specifications but which would then automatically become eligible in the other country regardless of the fact that they didn't have that required specification of eligibility.

Secretary HODGES. Senator, it is a good question, but I think as long as we have the present arrangement and understanding with the other nations under GATT, that any concession made to a single country or groups of countries such as the EEC shall be given to others. That is a basic fundamental that we and other nations adopted many years ago, and I don't believe the fact that this particular technical thing comes in would change the basic principle.

Senator KERR. Well, we did in that eligibility or authority heretofore established have the requirement of the agreement related to a commodity or product with reference to which we and the other agreeing identity had 80 percent of the world's production.

Secretary HODGES. That is right, we did.

Senator KERR. Now, we are injecting that into the legislation as the basis for concession.

As I see it, if we are not going to limit the effect of that concession to the identity with reference to whom that eligibility requirement is met, why do we put it in there?

Secretary HODGES. Dr. Behrman would like to add to it.

Mr. BEHRMAN. The objective of the 80-percent requirement, Senator, is to limit the nil duty authority to those commodities in which we and the Common Market have a dominant supplier interest, that is, we together are interested in these commodities which are produced by highly industrialized countries and not by the less-developed countries. It is nothing more than a technique of determining the limit of your bargaining.

Senator KERR. I am not adverse to Japan, I think we have as good a trade relation and as valuable a one with Japan as we have with many countries in the Common Market.

Mr. BEHRMAN. That is correct, sir.

Senator KERR. But what I can't understand is why it is that if certain requirements for a basis of an agreement between us and the Common Market would justify a special concession as between us and them, that automatically the concession we make to them would be available to, let's say, Japan or Hong Kong or any other country with whom we have an agreement, when the basis for the concession does not exist there?

Mr. BEHRMAN. You are questioning then, as I understand it, Senator, why we would extend similar treatment to third countries?

Senator KERR. Why would we extend the favored nations clause to nations who couldn't qualify for the basis on which the particular concession was made?

Mr. BEHRMAN. Well, I think the question really isn't so much why the 80 percent would limit but the fact that the Common Market also gives most favored nation treatment on the basis of its concessions to Japan, Canada, and the rest of the members of the GATT, when they are negotiating under the GATT as this would be. They also give most favored nation treatment on any concessions they give bilaterally, so that in effect as under the recent negotiations, we—the United States—get sizable concessions, as a result of bargaining between other members of the GATT which we ourselves do not pay for directly.

Senator KERR. Is this not an authority here to make a concession with reference to which Japan could claim the benefit?

Mr. BEHRMAN. Yes, sir.

Senator KERR. When in reality under the law as written we couldn't make an agreement with Japan giving her that concession?

Mr. BEHRMAN. We could not make a bilateral agreement with her, that is correct, or a direct agreement—

Senator KERR. You couldn't make any kind of an agreement with her?

Mr. BEHRMAN. To give nil duties to her, under this authority? No, that is correct.

Senator KERR. But if we under this authority give it to the Common Market we automatically give it to Japan?

Mr. BEHRMAN. And all participants of the GATT; yes, sir.

Senator KERR. Well, and any other country with whom we have an agreement?

Mr. BEHRMAN. That is correct, sir. This is a long-established policy of the U.S. Government since 1924, I believe.

Senator KERR. I know the favored nations clause is a long-estab-

lished policy. I never did like it and don't like it now. What is the average rate of tariffs on the various agricultural commodities seeking entry into the American market?

Secretary HODGES. We would have to look that one up and give it to you.

Senator KERR. Would you do that and give it to us?

Secretary HODGES. Yes.

Senator KERR. Also in the statement, too, would you give us an itemized list of our agricultural exports for cash or for dollars country by country and product by product? As well as imports?

Secretary HODGES. I think we have that. We will submit it for the record.

Senator KERR. I know you do. As well as imports and the sources of the imports.

Thank you very much, Mr. Secretary.

Secretary HODGES. Thank you.

(The information referred to follows:)

The present (post-Geneva) weighted average ad valorem equivalent of U.S. duties for all agricultural commodities, based on the 1960 import value, is 4.8 percent.

DOMESTIC EXPORTS: Quantity and value by specified countries of their principal agricultural products, 1960

Country of destination and commodities exported	Unit	Year ended December 31		Country of destination and commodities exported	Unit	Year ended December 31	
		Quantity	Value			Quantity	Value
Canada (incl. Newfoundland and Labrador)		Thousands	Dollars	Canada (incl. Newfoundland and Labrador) - Continued		Thousands	Dollars
Cattle	No.	8	1,968	Nursery & greenhouse stock	No.	854	4,693
Baby chicks	No.	7,028	1,584	Tobacco, unmanufactured	lb.		2,396
Other live poultry	lb.	4,058	883	Vegetables & preparations -			
Cheese (all kinds)	lb.	1,017	689	Beans, dry, ripe (incl. peas, dry, ripe (incl. peas and chickpeas))	lb.	6,447	787
Other dairy products	lb.	1,070	783	Beans, fresh	lb.		824
Eggs, in the shell	Doz.	1,070	1,786	Cabbage	lb.	11,327	1,118
Beef & veal, fresh or frozen	lb.	6,364	3,023	Carrots	lb.	64,744	2,047
Beef & veal, pickled or cured	lb.	12,709	3,483	Celery	lb.	85,090	2,340
Pork, fresh, chilled or frozen	lb.	10,746	3,473	Lettuces	lb.	91,535	3,241
Chickens, fresh or frozen	lb.	11,314	3,507	Onions	lb.	141,569	6,074
Other poultry & game, fresh or frozen	lb.	7,031	2,716	Peppers	lb.	56,266	1,936
Variety meats, fresh or frozen	lb.	4,362	821	Peppers, white	lb.	9,726	1,065
Meat specialties, frozen, etc.	lb.	6,129	3,157	Sweet potatoes	lb.	308,425	6,962
Poultry & poultry prod., canned	lb.	1,872	593	Tomatoes, natural	lb.	6,586	268
Other meats	lb.	7,779	2,194	Tomato paste & puree	lb.	71,604	6,650
Lard	lb.	21,159	2,132	Other fresh vegetables	lb.	123,430	6,835
Tallow, inedible	lb.	6,224	395	Vegetables, frozen	lb.	17,130	2,809
Other animal oils & fats	lb.	19,308	1,576	Soups & vegetables, dehydrated	lb.	4,926	2,210
Cattle hides	No.	504	3,767	Tomatoes, canned	lb.	9,875	1,059
Calf skins	No.	552	2,863	Tomato juice, canned	lb.	12,843	1,004
Sheep & lamb skins	No.	946	1,060	Yamso	lb.	9,263	1,753
Other hides & skins 2/	No.	3	599	Other vegetables, canned	lb.	17,547	2,479
Gelatin, edible	lb.	1,192	1,324	Other vegetables & prep.	lb.		6,716
Coffee, green	lb.	2,471	971	Other agricultural products			16,222
Coffee, roasted	lb.	1,862	1,254	Total			432,297
Coffee, instant	lb.	4,622	7,134				
Cotton, excl. linters	MBls.	323	44,867				
Cotton linters	MBls.	15	620	Latin American Republics and Small Is.			
Fruits & preparations -				Mexico			
Apples, fresh	lb.	47,936	3,368	Cattle	No.	11	3,227
Berries, fresh	lb.	21,574	4,227	Baby chicks	No.	2,776	703
Grapefruit, fresh	lb.	117,785	5,571	Other live poultry	lb.	6,006	223
Lemons & limes, fresh	lb.	29,209	2,304	Milk, swp., unsweetened	lb.	18,870	2,712
Oranges & tangerines, fresh	lb.	326,778	23,920	Wheat dry mill	lb.	19,014	2,637
Grapes, fresh	lb.	148,950	11,175	Other dairy products	lb.		723
Peaches, fresh	lb.	45,949	2,654	Cattle hides	No.	564	4,638
Pears, fresh	lb.	21,616	2,104	Other hides & skins 2/	No.	230	674
Melons	lb.	110,116	2,900	Eggs, in the shell	Dos.	485	177
Other fresh fruits	lb.	24,419	3,253	Pork, fresh or frozen	lb.	5,412	528
Fruits, frozen	lb.	10,165	1,847	Variety meats, fresh or frozen	lb.	3,524	334
Prunes, dried	lb.	11,181	2,864	Other meats	lb.	841	278
Raisins & currants	lb.	17,443	3,080	Lard	lb.	9,483	1,017
Other dried fruits	lb.	2,933	1,013	Tallow, inedible	lb.	6,631	463
Fruit cocktail, canned	lb.	33,133	5,608	Other animal oils & fats	lb.	3,466	390
Pears, canned	lb.	4,560	762	Gelatin, edible	lb.	1,364	1,179
Peaches, canned	lb.	28,121	3,582	Oranges & tangerines, fresh	lb.	17,199	462
Pineapples, canned	lb.	14,321	2,522	Apples, fresh	lb.	9,346	399
Other canned fruits	lb.	7,323	1,219	Other fresh fruits	lb.	17,683	796
Grapefruit juice	Gal.	3,196	2,187	Raisins and currants	lb.	3,758	485
Orange juice	Gal.	11,312	16,842	Other dried fruits	lb.	1,169	338
Pineapple juice	Gal.	1,947	1,201	Other fruits & preparations	lb.		436
Other fruit juices	Gal.	5,141	5,119	Barley, grain (48 lb.)	bu.	2,376	3,294
Other fruits & prep.	lb.		1,481	Corn, grain (56 lb.)	bu.	862	1,784
Grains & preparations -				Grain sorghum (56 lb.)	bu.	360	803
Corn, grain (56 lb.)	bu.	25,127	29,844	Rice, milled	lb.	34,278	1,897
Rice, milled & paddy	lb.	30,761	2,864	Other grains & prep.	lb.		1,615
Macaroni & macaroni products	lb.	4,507	720	Soybean oil cake (2,000 lb.)	ton	22	1,631
Bakery products	lb.	8,766	2,841	Killed poultry feeds (2,000 lb.)	ton	9	881
Wheat, grain (60 lb.)	bu.	6,866	12,841	Other feeds & feeders (2,000 lb.)	ton	20	1,222
Cornstarch	lb.	13,698	4,499	Hops	lb.	2,909	1,590
Other grain & prep.	lb.		4,013	Cottonseed meal	lb.	8,597	885
Hay (2,000 lb.)	ton	24	834	Soybean oil	lb.	1,422	159
Soybean oil cake (2,000 lb.)	ton	189	11,057	Mayonnaise, salad oil, etc.	lb.	782	170
Other feeds & fodder (2,000 lb.)	ton	21	2,611	Essential oils & fats, veg., exp.	lb.	2,993	443
Hops	lb.	2,058	1,052	Alfalfa seed	lb.	2,880	917
Flaxseed (56 lb.)	bu.	130	412	Other seeds, field & garden	lb.	5,048	833
Soybeans (60 lb.)	bu.	19,139	41,554	Tobacco, flue-cured	lb.	2,268	1,850
Peanuts shelled	lb.	19,340	2,185	Tobacco, burley	lb.	2,007	1,847
Peanuts, shelled	lb.	892	1,091	Pinto beans, dry, ripe	lb.	50,040	3,932
Almonds, sweet shelled	lb.	953	492	Other beans, dry, ripe	lb.	5,646	433
Walnuts, not shelled	lb.	2,005	744	Other vegetables & prep.	lb.	4,267	644
Other nuts & prep.	lb.	5,487	1,315	Other agricultural products			2,016
Cottonseed oil	lb.	40,877	4,789	Total			50,818
Soybean oil	lb.	36,722	3,822				
Vegetable oil shortening	lb.	3,917	788	Guatemala			
Vegetable waxes, refined	lb.	948	714	Cattle	No.	3	139
Other oils & fats, veg., exp.	lb.	29,826	3,999				
Alfalfa seed	lb.	2,990	1,239				
Other seeds, field & garden	lb.	9,186	2,595				

DOMESTIC EXPORTS: Quantity and value by specified countries of their principal agricultural products, 1960 - Continued

Country of destination and commodities exported	Unit	Year ended December 31		Country of destination and commodities exported	Unit	Year ended December 31	
		Quantity	Value			Quantity	Value
Latin American Republics and Canal Zone - Continued:			1,000				1,000
Costa Rica - Continued:		Thousands	dollars	Costa Rica:	Thousands	dollars	
Baby chicks	No.	1,783	355	Baby chicks	No.	756	168
Nonfat dry milk	lb.	1,279	236	Infants' & dietetic foods ...	lb.	271	214
Infants' & dietetic foods ...	lb.	355	313	Other dairy products	lb.	✓	24
Meats	lb.	199	83	Lard	lb.	✓	4,338
Lard	lb.	2,507	306	Fruits & preparations	lb.	✓	517
Yellow, inedible	lb.	11,151	933	Oatmeal (100 lb.)	cwt.	11	199
Fruits & preparations	lb.	✓	269	Barley, malt (34 lb.)	bu.	57	126
Wheat, grain (60 lb.)	bu.	1,637	3,174	Wheat, grain (60 lb.)	bu.	117	229
Wheat flour, wholly of U. S. (100 lb.)	cwt.	30	141	Wheat flour, wholly of U. S. (100 lb.)	cwt.	✓	353
Oatmeal (100 lb.)	cwt.	10	108	Other grains & prep.	lb.	✓	1,497
Other grains & prep.	lb.	✓	253	Mixed poultry feeds (2,000 lb.)	ton	7	240
Mixed poultry feeds (2,000 lb.)	ton	5	568	Other feeds & fodders(2,000 lb)	ton	1	115
Other feeds & fodders(2,000 lb)	ton	2	170	Oils & fats, veg., expressed	lb.	1,112	192
Oils & fats, veg., expressed	lb.	819	164	Tobacco, leaf	lb.	148	167
Tobacco, flue-cured	lb.	362	337	Vegetables & prep.	lb.	✓	132
Vegetables & preparations ..	lb.	✓	203	Other agricultural products ..	lb.	✓	361
Other agricultural products ..	lb.	✓	836	Total			5,234
Total			8,587				
El Salvador:				Panama, Republic of:			
Baby chicks	No.	398	102	Cheese (all kinds)	lb.	796	323
Nonfat dry milk	lb.	638	71	Infants' & dietetic foods ...	lb.	✓	733
Infants' & dietetic foods ...	lb.	200	167	Other dairy products	lb.	✓	106
Other dairy products	lb.	✓	57	Eggs, in the shell	doz.	1,199	85
Meats	lb.	152	106	Pork, canned, prep. or pres.	lb.	600	406
Lard	lb.	3,037	394	Other meats	lb.	2,868	276
Yellow, inedible	lb.	7,602	593	Cocoa, powdered	lb.	184	377
Fruits & preparations	lb.	✓	255	Apples, fresh	lb.	1,194	113
Rice, milled	lb.	5,010	291	Grapes, fresh	lb.	641	99
Wheat, grain (60 lb.)	bu.	368	746	Other fresh fruits	lb.	414	54
Wheat flour, wholly of U. S. (100 lb.)	cwt.	326	1,393	Relaisins & currants	lb.	348	66
Other grains & prep.	lb.	✓	269	Prunes, dried	lb.	206	66
Mixed poultry feeds (2,000 lb)	ton	2	211	Fruits, canned	lb.	1,225	212
Tobacco, flue-cured, unstem.	lb.	423	330	Fruit juices	gal.	240	294
Vegetables & preparations ..	lb.	✓	285	Other fruits & prep.	lb.	✓	93
Other agricultural products ..	lb.	✓	558	Peanuts, shelled	lb.	115	67
Total			5,830	Corn, grain (56 lb.)	bu.	235	343
				Oatmeal (100 lb.)	cwt.	14	215
Honduras:				Bakery products	lb.	324	130
Nonfat dry milk	lb.	574	119	Barley, malt (34 lb.)	bu.	76	164
Infants' & dietetic foods ...	lb.	221	158	Wheat flour, wholly of U. S. (100 lb.)	cwt.	✓	332
Other dairy products	lb.	✓	54	Other grains & prep.	lb.	✓	1,467
Meats	lb.	272	148	Mixed poultry feeds (2,000 lb)	ton	1	86
Lard	lb.	2,427	207	Soybean oilcake & meal (2,000 lb.)	ton	1	111
Other animal oils & fats	lb.	941	81	Soybean oil, refined	lb.	290	43
Fruits & preparations	lb.	✓	194	Mayonnaise, salad oil, etc.	lb.	404	135
Barley, malt (34 lb.)	bu.	76	157	Other oils & fats, veg., exp.	lb.	1,002	192
Oatmeal (100 lb.)	cwt.	12	198	Tobacco, leaf	lb.	178	167
Wheat, grain (60 lb.)	bu.	322	661	Flavoring sirups, etc.	gal.	20	118
Wheat flour, wholly of U. S. (100 lb.)	cwt.	146	582	Beans, dry, ripe	lb.	1,031	115
Bakery products	lb.	324	143	Onions	lb.	5,183	154
Other grains & prep.	lb.	✓	252	Potatoes, white	lb.	3,028	99
Tomato paste & puree, canned	lb.	762	147	Soups & veg., dehydrated ...	lb.	196	143
Other vegetables & prep.	lb.	✓	142	Vegetables, canned	lb.	4,010	644
Food for relief or charity ...	lb.	✓	120	Pean, dry, ripe (incl. com- peas & chickpeas)	lb.	1,830	168
Other agricultural products ..	lb.	✓	382	Other vegetables & prep.	lb.	✓	227
Total			3,745	Food for relief or charity ...	lb.	✓	126
				Other agricultural products ..	lb.	✓	614
Nicaragua:				Total			9,218
Cattle	No.	1	159				
Infants' & dietetic foods ...	lb.	192	125	Dominican Republic:			
Other dairy products	lb.	✓	74	Baby chicks	No.	5,596	1,147
Yellow, inedible	lb.	✓	1,407	Other live poultry	lb.	604	438
Fruits & preparations	lb.	✓	96	Milk, evap., unseasoned ...	lb.	4,788	715
Oatmeal (100 lb.)	cwt.	8	141	Other dairy products	lb.	✓	257
Wheat flour, wholly of U. S. (100 lb.)	cwt.	173	771	Eggs, in the shell	doz.	560	714
Other grains & prep.	lb.	✓	222	Hams & shoulders, cured or cooked	lb.	9,554	4,328
Oils & fats, veg., expressed	lb.	664	112	Becon	lb.	11,421	1,753
Tobacco, flue-cured	lb.	312	228	Pork, pickled or cured	lb.	1,036	135
Tobacco, burley	lb.	135	136	Other meats	lb.	481	308
Flavoring sirups, etc.	gal.	15	232	Lard	lb.	190,401	18,320
Malt liquors	gal.	31	32	Yellow, edible & inedible ...	lb.	19,090	1,241
Vegetables & prep.	lb.	✓	128	Cotton, including lintars ...	shells	29	3,648
Other agricultural products ..	lb.	✓	293	Fruits, fresh	lb.	1,876	252
Total			2,828				

DOMESTIC EXPORTS: Quantity and value by specified countries of their principal agricultural products, 1960 - Continued

Country of destination and commodities exported	Year ended December 31		Country of destination and commodities exported	Year ended December 31		
	Unit	Quantity Value		Unit	Quantity Value	
Latin American Republics and Cuba - Continued:		1,000	Colombia - Continued:		1,000	
Wheat - Continued:	Thousands	Dollars	Wheat flour, wholly of U. S. (100 lb.)	Cwt.	Dollars	
Baby food fruits, canned	lb.	2,162	609	354	1,531	
Other canned fruits	lb.	1,377	233	16,777	799	
Fruit juices	Gal.	121	160	Other grains & prep.	247	
Barley, malt (34 lb.)	bu.	469	995	Soybean oil, refined	lb.	44,995
Corn, grain (56 lb.)	bu.	625	921	Other oils & fats, veg., exp.	lb.	2,775
Cornstarch	lb.	8,930	556	Essential oils	lb.	47
Rice, paddy or rough	lb.	34,497	3,052	Beans, dry, ripe	lb.	3,025
Rice, milled	lb.	151,763	14,288	Flavoring sirups, etc.	Gal.	33
Wheat, grain (60 lb.)	bu.	3,473	7,383	Vegetables & preparations	lb.	138
Wheat flour (100 lb.)	cwt.	1,305	5,526	Food for relief or charity	lb.	3,045
Other grains & prep.	lb.	18	798	Other agricultural products	lb.	1,215
Soybean oil cake (2,000 lb.)	ton	4	649	Total	lb.	25,754
Mixed poultry feeds (2,000 lb.)	ton	3	270	Venezuela:		
Other feeds & fodders(2,000 lb.)	ton	193	110	Cattle, for breeding	no.	6
Peas, dry, ripe (incl. compass & chickpeas)	lb.	1,019	222	Nonfat dry milk	lb.	1,536
Peas, white	lb.	3,506	520	Milk, dried, whole	lb.	21,383
Soybeans (60 lb.)	bu.	908	2,170	Cheese (all kinds)	lb.	3,377
Cocconut	lb.	4,461	767	Infants' & dietetic foods	lb.	5,990
Peanut oil, crude	lb.	6,486	1,115	Other dairy products	lb.	47
Soybean oil	lb.	12,987	1,423	Eggs, in the shell	Doz.	13,755
Other oils & fats, veg., exp.	lb.	3,357	609	Beef & veal, canned	lb.	752
Beans, dry, ripe	lb.	80,946	6,562	Pork, fresh, chilled, or frozen	lb.	1,145
Peas, dry, ripe (incl. compass & chickpeas)	lb.	8,268	608	Pork, canned	lb.	2,820
Onions	lb.	16,932	482	Hams & shoulders, cured or cooked, & bacon	lb.	1,167
Potatoes, white	lb.	4,500	159	Sausage, except canned	lb.	809
Tomato paste and puree	lb.	865	124	Other meats	lb.	1,475
Other vegetables, canned	lb.	810	163	Tallow, inedible	lb.	6,939
Other vegetables & prep.	lb.	340	110	Cattle hides	no.	64
Other agricultural products	lb.	2,332	110	Apples, fresh	lb.	16,557
Total	lb.	88,571	110	Apples, fresh	lb.	16,557
				Apples, fresh	lb.	12,426
				Pears, fresh	lb.	7,574
				Pears, fresh	lb.	1,957
				Prunes & plums, fresh	lb.	1,463
				Prunes, dried	lb.	1,683
				Raisins & currants	lb.	571
				Other dried fruits	lb.	3,033
				Peaches, canned	lb.	4,308
				Fruit cocktail, canned	lb.	3,142
				Baby food fruits, canned	lb.	2,290
				Other canned fruits	lb.	624
				Pear juice, nectar & pearade	Gal.	319
				Peach juice and nectar	Gal.	346
				Other fruit juices	Gal.	694
				Other fruits & prep.	lb.	1,461
				Barley, malt (34 lb.)	bu.	1,461
				Corn cereal foods	lb.	1,642
				Oatmeal (100 lb.)	cwt.	94
				Wheat, grain (60 lb.)	bu.	8,610
				Wheat flour, wholly of U. S. (100 lb.)	cwt.	83
				Rice, paddy & milled	lb.	17,615
				Other grains & prep.	lb.	2,652
				Soybean oil cake (2,000 lb.)	ton	8
				Mixed poultry feeds (2,000 lb.)	ton	4
				Other feeds & fodders(2,000 lb.)	ton	8
				Peas, shelled	lb.	980
				Other fats & prep.	lb.	1,015
				Soybeans (60 lb.)	bu.	257
				Cottonseed oil, refined	lb.	9,564
				Vegetable oil shortening	lb.	8,379
				Other oils & fats, veg., exp.	lb.	1,814
				Tobacco, leaf	lb.	1,203
				Beans, dry, ripe	lb.	15,910
				Peas, dry, ripe (incl. chickpeas & compass)	lb.	17,994
				Potatoes, white	lb.	11,973
				Vegetables, canned	lb.	7,155
				Soups & veg., dehydrated	lb.	861
				Other vegetables & prep.	lb.	573
				Flavoring sirups, etc.	Gal.	274
				Other agricultural products	lb.	2,130
				Total	lb.	22,328
Colombia:				Ecuador:		
Horses, mules, asses, etc.	no.	1	131	Baby chicks	no.	608
Infants' & dietetic foods	lb.	344	117	Infants' & dietetic foods	lb.	404
Gelatin, edible	lb.	26	95	Tallow, inedible	lb.	14,867
Stearic acid	lb.	2,997	303	Other animal oils & fats	lb.	2,092
Tallow, inedible	lb.	22,281	1,802			
Other animal oils & fats	lb.	1,033	109			
Fruits & preparations	lb.	92	92			
Barley, malt (34 lb.)	bu.	245	538			
Wheat, grain (60 lb.)	bu.	3,443	6,564			

DOMESTIC EXPORTS: Quantity and Value by specified countries of their principal agricultural products, 1960 - Continued

Country of destination and commodities exported	Unit	Year ended December 31		Country of destination and commodities exported	Unit	Year ended December 31	
		Quantity	Value			Quantity	Value
Latin American Republics and Canal Zone - Continued:			1,000				1,000
Canada - Continued:							
Guatemala - Continued:							
Fruits & preparations	lb.	✓	250	Brazil - Continued:			
Cornstarch	lb.	✓	836	Seeds, field and garden	lb.	✓	187
Wheat, grain (60 lb.)	ton	✓	593	Dextrose, except pharmaceutical	lb.	✓	808
Other grains & prep.	ton	✓	1,104	Tobacco, cigar wrapper	lb.	✓	66
Feeds & fodders(2,000 lb.)	ton	✓	139	Essential oils	lb.	✓	89
Hops	lb.	✓	370	Peas, dry, ripe (incl. chickpeas & cowpeas)	lb.	✓	8,306
Cocunut oil	lb.	✓	614	Food for relief or charity	✓	✓	392
Soybean oil, crude	lb.	✓	6,446	Other agricultural products		✓	734
Other oils & fats, veg., exp.	lb.	✓	1,312	Total		✓	44,238
Vegetables & preparations	Gal.	✓	39				
Flavoring sirups, etc.		✓	354	Uruguay:			
Food for relief or charity		✓	365	Yellow, inedible	lb.	✓	4,625
Other agricultural products		✓	4,343	Cotton, excluding lintars	lb.	✓	3
Total		✓	18,473	Barley, grain (48 lb.)	lb.	✓	1,956
				Corn, grain (56 lb.)	lb.	✓	2,872
Egypt:				Wheat, grain (60 lb.)	lb.	✓	8,076
Cattle, for breeding	no.	✓	1	Soybean oil, refined	lb.	✓	11,606
Nonfat dry milk	lb.	✓	2,032	Tobacco, flum-cured	lb.	✓	1,226
Infants' & dietetic foods	lb.	✓	201	Other tobacco, unmf.	lb.	✓	161
Other dairy products	✓	✓	133	Seeds, field and garden	lb.	✓	401
Poultry & game, fresh or frozen	lb.	✓	644	Hops	lb.	✓	283
Other meats	lb.	✓	91	Food for relief or charity	✓	✓	206
Lard	lb.	✓	1,309	Other agricultural products		✓	184
Tallow, inedible	lb.	✓	8,571	Total		✓	21,616
Balsam & currants	lb.	✓	928				
Other fruits & prep.	✓	✓	239	Argentina:			
Rice, milled	lb.	✓	70,143	Cattle, for breeding	no.	✓	842
Wheat, grain (60 lb.)	lb.	✓	4,169	Nonfat dry milk	lb.	✓	81
Wheat flour, wholly of U. S. (100 lb.)	cut.	✓	129	Gelatin, edible	lb.	✓	16
Cornstarch	lb.	✓	1,631	Grain sorghum (56 lb.)	lb.	✓	21
Barley malt (56 lb.)	lb.	✓	64	Cottonseed	lb.	✓	236
Corn, grain (56 lb.)	lb.	✓	124	Soybean oil	lb.	✓	2,145
Other grains & prep.	✓	✓	154	Essential oils	lb.	✓	26
Hops	lb.	✓	547	Hops	lb.	✓	97
Soybean oil, refined	lb.	✓	9,166	Seeds, field & garden	lb.	✓	1,158
Glucose, liquid, except pharmaceutical	lb.	✓	3,433	Vegetables & preparations	✓	✓	69
Vegetables & preparations	✓	✓	1,423	Food for relief or charity	✓	✓	251
Food for relief or charity	✓	✓	80	Other agricultural products		✓	68
Other agricultural products		✓	18,473	Total		✓	1,729
Total		✓	18,473				
				Total above countries (L. A. Rep. & Canal Zone)			430,100
Bolivia:				Other Latin American Rep. and Canal Zone			1,443
Lard	lb.	✓	3,129	Total Latin American Rep. and Canal Zone			431,543
Cotton, excluding lintars	lb.	✓	8				
Rice, milled	lb.	✓	4,409	Other Latin America:			
Wheat flour, wholly of U. S. (100 lb.)	cut.	✓	1,155	British West Indies:			
Hops	lb.	✓	97	Bahamas:			
Soybean oil, refined	lb.	✓	1,702	Pork	lb.	✓	468
Food for relief or charity	✓	✓	197	Other meats	lb.	✓	910
Other agricultural products		✓	110	Fruits & preparations	✓	✓	96
Total		✓	6,272	Wheat, grain (60 lb.)	lb.	✓	34
				Wheat flour, wholly of U. S. (100 lb.)	cut.	✓	109
Chile:				Mixed poultry feeds (2,000 lb.)	ton	✓	4
Lard	lb.	✓	843	Other feeds & fodders(2,000 lb.)	ton	✓	3
Cotton, excluding lintars	lb.	✓	9	Vegetables & preparations	✓	✓	147
Corn, grain (56 lb.)	lb.	✓	225	Other agricultural products		✓	123
Rice, milled	lb.	✓	10,716	Total		✓	1,716
Wheat, grain (60 lb.)	lb.	✓	1,200				
Wheat flour, wholly of U. S. (100 lb.)	cut.	✓	138	Paraguay:			
Other grains & prep.	✓	✓	493	Dairy products	✓	✓	274
Soybean oil	lb.	✓	8,487	Beef & veal, fresh or frozen	lb.	✓	462
Tobacco, leaf	lb.	✓	699	Hams & shoulders, cured or cooked, & bacon	lb.	✓	660
Hops	lb.	✓	305	Poultry & game, fresh or frozen	lb.	✓	1,634
Seeds, field and garden	lb.	✓	493	Other meats	lb.	✓	582
Vegetables & preparations	✓	✓	149	Coffee	lb.	✓	209
Food for relief or charity	✓	✓	9,421	Oranges & tangerines, fresh	lb.	✓	573
Other agricultural products		✓	21,808	Fruits, canned	lb.	✓	430
Total		✓	21,808	Fruit juices	gal.	✓	134
				Other fruits & prep.	✓	✓	129
Costa Rica:				Rice, milled	lb.	✓	521
Nonfat dry milk	lb.	✓	13,146	Bakery products	lb.	✓	360
Gelatin, edible	lb.	✓	33	Other grains & prep.	✓	✓	141
Wheat, grain (60 lb.)	lb.	✓	22,720				
Hops	lb.	✓	1,836				

DOMESTIC EXPORTS: Quantity and value by specified countries of their principal agricultural products, 1960 - Continued

Country of destination and commodities exported	Year ended December 31		Country of destination and commodities exported	Year ended December 31		
	(Units)	Value		(Units)	Value	
Other Latin America - Continued:		1,000	Leeward & Windward Islands - Continued:		1,000	
British West Indies - Continued:	Thousands	Dollars	Leeward & Windward Islands - Continued:	Thousands	Dollars	
Mixed poultry feeds (2,000 lb)	Ton	5	436	Nonfat dry milk	lb.	584
Other feeds & fodders(2,000 lb)	Ton	2	121	Fruits & preparations	✓	71
Oils & fats, veg., expressed	lb.	989	235	Wheat flour, wholly of U. S. (100 lb.)	✓	21
Essential oils	lb.	61	152	Other grains & prep.	✓	108
Sugar, refined	lb.	1,107	73	Mixed poultry feeds (2,000 lb)	Ton	1
Vegetables, fresh	lb.	876	104	Vegetables & preparations	✓	113
Vegetables, frozen	lb.	372	115	Tobacco, leaf	lb.	82
Vegetables, canned	lb.	1,025	159	Other agricultural products		108
Other vegetables & prep.	✓	131		Total		1,128
Other agricultural products		401				
Total		5,169				
Malaya:			Trinidad and Tobago:			
Baby chicks	lb.	1,140	175	Baby chicks	lb.	448
Nonfat dry milk	lb.	1,013	181	Nonfat dry milk	lb.	204
Other dairy products	✓	112	112	Infants' formulae	lb.	43
Beef & veal, fresh, frozen, pickled or cured	lb.	1,312	394	Beef & veal, fresh, frozen, pickled or cured	lb.	242
Pork, pickled or cured	lb.	2,620	436	Hams & shoulders, cured or cooked	lb.	692
Poultry & game, fresh or frozen	lb.	1,308	310	Pork, pickled or cured	lb.	1,858
Other meats	lb.	373	121	Other pork	lb.	232
Tallow, inedible	lb.	3,302	231	Chickens, fresh or frozen	lb.	4,181
Cotton, excluding lintars	lb.	5	628	Other meats	lb.	508
Fruits & preparations	✓	394	417	Cotton, excluding lintars	lb.	2
Corn, grain (56 lb.)	bu.	2,031	254	Fruits & preparations	✓	243
Rice, milled	lb.	494	1,611	Corn, grain (56 lb.)	bu.	63
Wheat flour (100 lb.)	✓	450	460	Wheat flour, wholly of U. S. (100 lb.)	✓	497
Other grains & prep.	✓	17	1,441	Grain sorghums (56 lb.)	lb.	94
Mixed poultry feeds (2,000 lb)	Ton	4	323	Mixed corn feeds (2,000 lb.)	Ton	4
Other feeds & fodders(2,000 lb)	Ton	1,106	119	Mixed poultry feeds (2,000 lb)	Ton	14
Tobacco, leaf	lb.	180	151	Other feeds & fodders(2,000 lb)	Ton	7
Citrus	lb.	5,946	182	Tobacco, burley, stemmed	lb.	339
Vegetables, canned	lb.	780	144	Tobacco, flue-cured	lb.	315
Yeast, except liquid	lb.	529	94	Pears, dry, ripe (incl. chickpeas & cognac)	lb.	7,890
Other vegetables & prep.	✓	560	269	Vegetables, fresh	✓	3,531
Food for relief or charity	✓	280		Other vegetables & prep.	✓	175
Other agricultural products		10,127		Other agricultural products		610
Total		10,127		Total		8,850
Malaya:			Total above countries (British West Indies)			34,369
Baby chicks	lb.	751	137	Other British West Indies		0
Milk & cream, fresh	gal.	160	189	Total Br. West Indies		34,369
Cheese (all kinds)	lb.	238	111			
Other dairy products	✓	296		Other Latin America:		
Beef & veal, fresh, frozen, pickled or cured	lb.	1,742	1,331	British Honduras:		
Pork, fresh or frozen	lb.	517	204	Dairy products	✓	66
Other pork, canned, prep. or pres.	lb.	1,474	507	Pork	lb.	450
Poultry & game, fresh or frozen	lb.	824	362	Other meats	lb.	217
Other meats	lb.	608	333	Lard	lb.	1,573
Coffee	lb.	169	153	Rice, milled	lb.	5,006
Oranges & tangerines, fresh	lb.	1,257	75	Wheat flour, wholly of U. S. (100 lb.)	✓	119
Apples, fresh	lb.	549	72	Other grains & prep.	✓	132
Fruits, canned	lb.	950	158	Feeds & fodders (2,000 lb.)	Ton	1
Orange juice	gal.	80	102	Beans, dry, ripe	lb.	1,174
Other fruits & prep.	✓	68	112	Other vegetables & prep.	✓	53
Corn, grain (56 lb.)	bu.	5,980	432	Other agricultural products		100
Rice, milled	lb.	577	203	Total		1,718
Bakery products	✓	234				
Other grains & prep.	✓	6	520	Netherlands Antilles:		
Mixed poultry feeds (2,000 lb)	Ton	1	101	Dairy products	✓	297
Other feeds & fodders(2,000 lb)	Ton	1,198	284	Eggs, in the shell	Doz.	525
Oils & fats, veg., expressed	lb.	183	60	Beef & veal, fresh, frozen, pickled, and canned	lb.	435
Tobacco, leaf	lb.	3,972	239	Hams & shoulders, cured or cooked & bacon	lb.	191
Vegetables, fresh	lb.	1,567	226	Other pork, fresh, frozen, pickled, and canned	lb.	653
Other vegetables & prep.	✓	489		Chickens, fresh or frozen	lb.	1,973
Other agricultural products		2,858		Sausage, canned	lb.	137
Total		2,858		Other meats	lb.	334
				Coffee	lb.	245
Leeward & Windward Islands:						381
Pork	lb.	284	150			
Poultry & game, fresh or frozen	lb.	760	216			

DOMESTIC EXPORTS: Quantity and value by specified countries of their principal agricultural products, 1960 - Continued

Country of destination and commodities exported	Unit	Year ended December 31		Country of destination and commodities exported	Unit	Year ended December 31	
		Quantity	Value			Quantity	Value
Other Latin America - Continued:			1,000				1,000
Haiti and the Virgin Islands - Continued:							
Apples, fresh	lb.	1,779	167	Iceland - Continued:			
Oranges & tangerines, fresh	lb.	3,423	187	Other fruits & prep.	lb.	739	112
Fruits, canned	lb.	675	129	Soybean oil	lb.		241
Fruit juices	gal.	367	377	Other agricultural products	lb.		2,604
Other fruits & prep.	lb.		263	Total			
Mix & preparations	lb.	225	112				
Cormeal (100 lb.)	cwt.	84	409	Spain:			
Rice, milled	lb.	9,621	724	Meat	lb.	423	157
Wheat flour (100 lb.)	cwt.	175	964	Beef & pork livers, fresh or frozen	lb.	2,759	567
Bakery products	lb.	612	214	Cattle hides	no.	64	472
Other grains & prep.	lb.		242	Sheep & lamb skins	no.	105	293
Mixed poultry feeds (2,000 lb.)	ton	8	657	Cotton, excluding lint	hbls.	101	12,256
Other feeds & fodders (2,000 lb.)	ton	2	172	Coffee	lb.	363	320
Vegetable oil shortening	lb.	368	87	Apples, fresh	lb.	4,234	336
Soybean oil, refined	lb.	1,189	242	Fruits, mixed	lb.	6,977	187
Other oils & fats, veg., exp.	lb.	1,831	339	Lemons & limes, fresh	lb.	4,562	267
Vegetables, fresh	lb.	3,002	224	Oranges & tangerines, fresh	lb.	3,734	298
Vegetables, canned	lb.	2,180	361	Grapes, fresh	lb.	3,819	466
Other vegetables & prep.	lb.		367	Pears, fresh	lb.	8,259	697
Other agricultural products	lb.		438	Prunes, dried	lb.	4,707	1,399
Total			9,036	Raisins & currants	lb.	8,164	1,172
				Other dried fruits	lb.	3,663	1,164
British Guiana:				Other dried fruits	lb.	844	341
Nonfat dry milk	lb.	197	33	Fruit cocktail, canned	lb.	3,680	612
Beef & veal, fresh, frozen, pickled or cured	lb.	396	94	Peaches, canned	lb.	10,779	1,316
Pork	lb.	331	69	Pineapples, canned	lb.	4,901	830
Other meats	lb.	104	41	Other canned fruits	lb.	1,458	253
Fruits & prep.	lb.		86	Orange juice	gal.	566	831
Wheat flour, wholly of U. S. (100 lb.)	cwt.	448	1,603	Rice, milled	lb.	6,977	469
Mixed poultry feeds (2,000 lb.)	ton	7	555	Corn, grain (56 lb.)	bu.	292	409
Soybean oil, refined	lb.	1,792	214	Oats, grain (32 lb.)	bu.	206	167
Tobacco, flue-cured	lb.	103	84	Wheat, grain (60 lb.)	bu.	483	766
Peas, dry, ripe (incl. compeas & chickpeas & compeas)	lb.	1,861	124	Grain sorghums (56 lb.)	bu.	557	614
Other agricultural products	lb.		312	Other grains & prep.	lb.		618
Total			3,215	Almonds, sweet, shelled	lb.	1,719	644
				Apricot & peach pits & kernels	lb.	366	102
Surinam (Netherlands Guiana):				Tobacco, flue-cured	lb.	10,233	9,297
Baby chicks	no.	235	41	Tobacco, burley	lb.	4,164	3,622
Beef & veal, pickled or cured	lb.	1,186	326	Dark-fired Kentucky & Tenn.	lb.	564	316
Pork	lb.	219	62	Virginia fire & sun cured	lb.	776	443
Chickens, fresh or frozen	lb.	317	66	Peas, dry, ripe (excl. chickpeas & compeas)	lb.	5,159	374
Nonfat dry milk	lb.	290	44	Apparatus, canned	lb.	2,754	604
Cotton, excluding lint	hbls.		43	Other vegetables, canned	lb.	2,371	517
Fruits & preparations	lb.		61	Catsup, chili sauce, etc.	lb.	1,622	319
Wheat flour, wholly of U. S. (100 lb.)	cwt.	154	648	Soups & vegetables, dehydrat.	lb.	1,104	297
Bakery products	lb.	134	60	Other agricultural products	lb.		2,429
Other grains & prep.	lb.		72	Total			46,486
Mixed poultry feeds (2,000 lb.)	ton	2	186				
Oils & fats, veg., exp.	lb.	362	78	Hawaii:			
Tobacco, flue-cured, unstem.	lb.	150	120	Sponge castings	lb.	360	115
Peas, dry, ripe (excl. chickpeas & compeas)	lb.	1,388	92	Yellow, inedible	lb.	1,837	140
Tomato paste & purée	lb.	172	34	Cotton, excluding lint	hbls.	17	2,194
Other vegetables & prep.	lb.		30	Apples, fresh	lb.	2,699	206
Other agricultural products	lb.		200	Grapes, fresh	lb.	2,342	273
Total			2,163	Lemons & limes, fresh	lb.	3,349	216
				Oranges & tangerines, fresh	lb.	7,653	614
Total above countries (Other Latin America)			16,126	Pears, fresh	lb.	2,264	195
Other Latin America			599	Peaches, canned	lb.	3,420	448
Total Latin America			46,638	Pineapples, canned	lb.	1,548	252
				Fruit cocktail, canned	lb.	1,757	287
Europe:				Prunes, dried	lb.	3,785	961
Iceland:				Raisins & currants	lb.	4,811	658
Barley, grain (48 lb.)	bu.	135	210	Other fruits & prep.	lb.		476
Wheat flour, wholly of U. S. (100 lb.)	cwt.	159	713	Barley, grain (48 lb.)	bu.		884
Other grains & prep.	lb.		106	Corn, grain (56 lb.)	bu.	1,330	1,010
Mixed corn feeds (2,000 lb.)	ton	10	612	Grain sorghums (56 lb.)	bu.	3,694	4,167
Mixed poultry feeds (2,000 lb.)	ton	2	134	Wheat, grain (60 lb.)	bu.	1,945	3,092
Apples, fresh	lb.	1,101	104	Wheat flour, wholly of U. S. (100 lb.)	cwt.	225	723
Raisins & currants	lb.	716	94	Rye, grain (56 lb.)	bu.	1,194	1,131
Prunes, dried	lb.	129	32	Soybean oil cake (2,000 lb.)	ton	12	847
				Soybeans (60 lb.)	bu.	2,562	5,721
				Flaxseed (56 lb.)	bu.	42	132
				Tobacco, flue-cured, unstem.	lb.	3,465	4,033
				Tobacco, burley, unstem.	lb.	836	670
				Virginia fire & sun cured	lb.	1,393	842
				Dark-fired Kentucky & Tenn.	lb.	246	139

TRADE EXPANSION ACT OF 1962

DOMESTIC EXPORTS: Quantity and value by specified countries of their principal agricultural products, 1960 - Continued

Country of destination and commodities exported	Year ended December 31		Country of destination and commodities exported	Year ended December 31	
	Unit	Value		Unit	Value
Europe - Continued:		1,000	United Kingdom of Great Britain and Northern Ireland - Contd.:		1,000
Germany - Continued:			Rescue grass seed	lb.	2,221
Peas, dry, ripe (excluding compass & chickpeas)	lb.	3,471	Other seeds, field & garden	lb.	3,869
Asparagus, canned	lb.	1,030	Molasses, inedible	Gal.	11,720
Other agricultural products		217	Tobacco, flue-cured	lb.	169,785
Total		37,886	Cigar wrapper	lb.	137
			Virginia fire & sun cured	lb.	6,473
			Other tobacco, unmf'd.	lb.	4,607
			Beans, dry, ripe	lb.	108,736
Denmark:			Peas, dry, ripe (incl. chickpeas & compass)	lb.	92,354
Cotton, excluding linters	RBls.	24	Vegetables, canned	lb.	19,798
Lemons & limes, fresh	lb.	3,623	Other vegetables & prep.	lb.	1,803
Oranges & tangerines, fresh	lb.	1,487	Pineapples, canned	lb.	1,244
Raisins & currants	lb.	7,500	Bazley, grain (48 lb.)	bu.	7,581
Prunes, dried	lb.	3,493	Corn, grain (56 lb.)	bu.	1,153
Peaches, canned	lb.	4,446	Grain sorghums (56 lb.)	bu.	3,372
Pineapples, canned	lb.	1,244	Wheat, grain (60 lb.)	bu.	233
Bazley, grain (48 lb.)	bu.	7,581	Rice, milled	lb.	1,583
Corn, grain (56 lb.)	bu.	1,153	Cottonseed oil cake (2,000 lb.)	ton	32
Grain sorghums (56 lb.)	bu.	3,372	Soybean oil cake (2,000 lb.)	ton	7
Wheat, grain (60 lb.)	bu.	233	Other feeds & fodders (2,000 lb.)	ton	5
Rice, milled	lb.	1,583	Hops	lb.	404
Cottonseed oil cake (2,000 lb.)	ton	32	Soybeans (60 lb.)	bu.	7,978
Soybean oil cake (2,000 lb.)	ton	7	Tobacco, flue-cured	lb.	9,834
Other feeds & fodders (2,000 lb.)	ton	5	Tobacco, burley	lb.	1,210
Hops	lb.	404	Dark-fired Kentucky & Tenn.	lb.	503
Soybeans (60 lb.)	bu.	7,978	Other agricultural products		3,680
Tobacco, flue-cured	lb.	9,834	Total		53,480
Tobacco, burley	lb.	1,210			
Dark-fired Kentucky & Tenn.	lb.	503			
Other agricultural products		3,680			
Total		53,480			
			United Kingdom of Great Britain and Northern Ireland:		
			Cheese (all kinds)	lb.	1,781
			Eggs, dried (all kinds)	lb.	1,318
			Beef tongues, fresh or frozen	lb.	15,462
			Other variety meats	lb.	13,668
			Sausage casings	lb.	2,743
			Lard	lb.	348,512
			Tallow, inedible	lb.	39,718
			Other animal oils & fats	lb.	4,270
			Wool-like specialty hair	clb.	8,811
			Cattle hides	no.	58
			Sheep & lamb skins	no.	628
			Hair, animal, unmf'd.	lb.	1,446
			Coffee, instant	lb.	387
			Cotton, excluding linters	RBls.	350
			Cotton linters	RBls.	32
			Apples, fresh	lb.	55,103
			Grapes, fresh	lb.	6,224
			Lemons & limes, fresh	lb.	14,885
			Peas, fresh	lb.	6,895
			Other fresh fruits	lb.	5,027
			Prunes, dried	lb.	14,143
			Raisins & currants	lb.	23,830
			Grapefruit, canned	lb.	8,665
			Peaches, canned	lb.	42,429
			Fruit cocktail, canned	lb.	14,554
			Other canned fruits	lb.	4,128
			Orange juice	Gal.	393
			Other fruit juices	Gal.	933
			Bazley, grain (48 lb.)	bu.	168
			Corn, grain (56 lb.)	bu.	77,253
			Grain sorghums (56 lb.)	bu.	17,768
			Comstarch	lb.	9,657
			Other starch	lb.	5,495
			Rice, milled	lb.	50,343
			Wheat, grain (60 lb.)	bu.	20,172
			Wheat flour, wholly of U. S. (100 lb.)	cut.	485
			Cottonseed oil cake (2,000 lb.)	ton	38
			Other feeds & fodders (2,000 lb.)	ton	37
			Soybeans (60 lb.)	bu.	4,828
			Tung oil, crude	lb.	5,009
			Linseed oil, crude	lb.	11,890
			Soybean oil, crude	lb.	15,213
			Cottonseed oil, refined	lb.	6,887
			Peppermint oil	lb.	326
			Spearmint oil	lb.	130
			Other essential oils	lb.	897
			Irland (first):		
			Cotton, excluding linters	RBls.	8
			Apples, fresh	lb.	2,663
			Peas, fresh	lb.	1,220
			Raisins & currants	lb.	756
			Other dried fruits	lb.	1,079
			Peaches, canned	lb.	2,415
			Fruit cocktail, canned	lb.	2,349
			Other fruits & prep.	lb.	582
			Corn, grain (56 lb.)	bu.	2,566
			Bazley, grain (48 lb.)	bu.	756
			Cottonseed oil cake (2,000 lb.)	ton	5
			Hops	lb.	816
			Tobacco, flue-cured	lb.	12,871
			Vegetables & preparations	lb.	73
			Other agricultural products		904
			Total		19,658
			Netherlands:		
			Nonfat dry milk	lb.	2,148
			Chickens, fresh or frozen	lb.	9,995
			Other poultry & game, fresh or frozen	lb.	1,231
			Beef & pork livers, fresh or frozen	lb.	11,264
			Beef tongues, fresh or frozen	lb.	11,721
			Other variety meats	lb.	4,740
			Sausage casings	lb.	1,039
			Tallow, inedible	lb.	177,377
			Other animal oils & fats	lb.	85,760
			Wool-like specialty hair	clb.	1,670
			Cattle hides	no.	1,280
			Calf & kip skins	no.	211
			Other hides & skins	no.	70
			Coffee	lb.	744
			Cotton, excluding linters	RBls.	238
			Grapefruit, fresh	lb.	8,387
			Lemons & limes, fresh	lb.	23,188
			Oranges & tangerines, fresh	lb.	25,563
			Apples, fresh	lb.	5,443
			Prunes, dried	lb.	3,222
			Raisins & currants	lb.	5,216
			Fruit cocktail, canned	lb.	5,790
			Peaches, canned	lb.	12,357
			Pineapples, canned	lb.	10,966
			Orange juice	Gal.	338
			Other fruit juices	Gal.	334
			Almonds, sweet, shelled	lb.	1,098
			Bazley, grain (48 lb.)	bu.	11,463
			Corn, grain (56 lb.)	bu.	36,593
			Grain sorghums (56 lb.)	bu.	21,428
			Oats, grain (32 lb.)	bu.	20,537
			Rye, grain (56 lb.)	bu.	2,709
			Wheat, grain (60 lb.)	bu.	8,475
			Wheat flour, wholly of U. S. (100 lb.)	cut.	1,739
			Rice, milled	lb.	56,149
			Linseed oil cake (2,000 lb.)	ton	32
			Soybean oil cake (2,000 lb.)	ton	81
			Mixed corn feeds (2,000 lb.)	ton	11
			Soybeans (60 lb.)	bu.	24,703
			Flaxseed (56 lb.)	bu.	2,762
			Cottonseed oil, refined	lb.	21,724

DOMESTIC EXPORTS: Quantity and value by specified countries
 of their principal agricultural products, 1960 - Continued

Country of destination and commodities exported	Year ended December 31		Country of destination and commodities exported	Year ended December 31	
	Unit	Value		Unit	Value
Europe - Continued:					
Belgium & Luxembourg:					
Beef & pork livers, fresh or frozen	lb.	737	Eggs, dried	lb.	2,963
Horse meat	lb.	334	Chickens, fresh or frozen	lb.	63,665
Sausage casings	lb.	817	Other poultry, fresh or frozen	lb.	17,893
Tallow, inedible	lb.	36,061	Beef & pork livers, fresh or frozen	lb.	29,202
Prunes, dried	no.	45	Other variety meats	lb.	8,551
Cattle hides	no.	45	Poultry & poultry products, canned	lb.	4,422
Wool-like specialty hair	clb.	836	Sausage casings	lb.	2,118
Cotton, excluding lintners	no.	266	Lard	lb.	15,808
Coffee, green	lb.	1,231	Tallow, inedible	lb.	102,064
Lemons & limes, fresh	lb.	20,749	Orange juice	gal.	4,752
Oranges & tangerines, fresh	lb.	14,325	Cattle hides	no.	5,630
Prunes, dried	lb.	3,651	Calveskins	no.	115
Raisins & currants	lb.	2,902	Kip skins	no.	142
Apricots, canned	lb.	2,625	Feathers, crude	lb.	1,053
Peaches, canned	lb.	8,500	Cotton, excluding lintners	no.	567
Pineapples, canned	lb.	6,892	Cotton lintners	no.	136
Fruit cocktail, canned	lb.	6,804	Carrots, fresh	lb.	3,453
Cherries, canned	lb.	2,326	Lemon & lime, fresh	lb.	8,605
Other fruits & prep.	no.	47	Cottonseed oil, crude	lb.	33,699
Other feeds & fodders (2,000 lb.)	ton	17	Barley, grain (48 lb.)	bu.	7,102
Soybeans (60 lb.)	bu.	5,202	Raisins & currants	lb.	7,440
Flaxseed (56 lb.)	bu.	707	Prunes, dried	lb.	2,645
Cottonseed oil, refined	lb.	16,771	Peaches, canned	lb.	52,296
Seeds, field & garden	lb.	2,282	Pineapples, canned	lb.	21,179
Tobacco, flue-cured	lb.	14,675	Orange juice	gal.	896
Dark-fired Kentucky & Tenn.	lb.	1,299	Other fruit juices	gal.	1,628
Maryland tobacco	lb.	1,485	Other fruits & prep.	no.	1,313
Other tobacco, unmd.	lb.	1,121	Almonds, sweet, shelled	lb.	8,027
Beans & peas, dry, ripe (excl. chickpeas & cowpeas)	lb.	4,395	Barley, grain (48 lb.)	bu.	16,862
Asparagus, canned	lb.	2,567	Corn, grain (56 lb.)	bu.	16,877
Other vegetables & prep.	lb.	2,267	Grain sorghums (56 lb.)	bu.	5,506
Other agricultural products	lb.	4,255	Oats, grain (32 lb.)	bu.	7,916
Total		319,565	Rice, milled	lb.	48,549
			Wheat, grain (60 lb.)	bu.	6,231
			Soybean oil cake (2,000 lb.)	ton	59
			Other oil cake & meal (2,000 lb.)	ton	13
			Hope	lb.	1,811
			Soybeans (60 lb.)	bu.	16,866
			Cottonseed oil, crude	lb.	228,857
			Soybean oil, crude	lb.	46,749
			Other oils & fats, veg., exp.	lb.	4,921
			Essential oils	lb.	990
			Seeds, field & garden	lb.	7,736
			Tobacco, flue-cured	lb.	53,230
			Tobacco, burley	lb.	9,644
			Cigar binder	lb.	704
			Cigar wrapper	lb.	1,363
			Other tobacco, unmd.	lb.	1,910
			Peas, dry, ripe (excl. chickpeas & cowpeas)	lb.	17,262
			Soups & veg., dehydrated	lb.	824
			Asparagus, canned	lb.	28,932
			Other vegetables & prep.	lb.	1,623
			Food for relief of charity	lb.	1,688
			Other agricultural products	lb.	5,219
			Total		324,952
			East Germany:		
			Eggs, dried	lb.	2,963
			Chickens, fresh or frozen	lb.	63,665
			Other poultry, fresh or frozen	lb.	17,893
			Beef & pork livers, fresh or frozen	lb.	29,202
			Other variety meats	lb.	8,551
			Poultry & poultry products, canned	lb.	4,422
			Sausage casings	lb.	2,118
			Lard	lb.	15,808
			Tallow, inedible	lb.	102,064
			Orange juice	gal.	4,752
			Cattle hides	no.	5,630
			Calveskins	no.	115
			Kip skins	no.	142
			Feathers, crude	lb.	1,053
			Cotton, excluding lintners	no.	567
			Cotton lintners	no.	136
			Carrots, fresh	lb.	3,453
			Lemon & lime, fresh	lb.	8,605
			Cottonseed oil, crude	lb.	33,699
			Barley, grain (48 lb.)	bu.	7,102
			Raisins & currants	lb.	7,440
			Prunes, dried	lb.	2,645
			Peaches, canned	lb.	52,296
			Pineapples, canned	lb.	21,179
			Orange juice	gal.	896
			Other fruit juices	gal.	1,628
			Other fruits & prep.	no.	1,313
			Almonds, sweet, shelled	lb.	8,027
			Barley, grain (48 lb.)	bu.	16,862
			Corn, grain (56 lb.)	bu.	16,877
			Grain sorghums (56 lb.)	bu.	5,506
			Oats, grain (32 lb.)	bu.	7,916
			Rice, milled	lb.	48,549
			Wheat, grain (60 lb.)	bu.	6,231
			Soybean oil cake (2,000 lb.)	ton	59
			Other oil cake & meal (2,000 lb.)	ton	13
			Hope	lb.	1,811
			Soybeans (60 lb.)	bu.	16,866
			Cottonseed oil, crude	lb.	228,857
			Soybean oil, crude	lb.	46,749
			Other oils & fats, veg., exp.	lb.	4,921
			Essential oils	lb.	990
			Seeds, field & garden	lb.	7,736
			Tobacco, flue-cured	lb.	53,230
			Tobacco, burley	lb.	9,644
			Cigar binder	lb.	704
			Cigar wrapper	lb.	1,363
			Other tobacco, unmd.	lb.	1,910
			Peas, dry, ripe (excl. chickpeas & cowpeas)	lb.	17,262
			Soups & veg., dehydrated	lb.	824
			Asparagus, canned	lb.	28,932
			Other vegetables & prep.	lb.	1,623
			Food for relief of charity	lb.	1,688
			Other agricultural products	lb.	5,219
			Total		324,952
			Austria:		
			Cattle hides	no.	28
			Cotton, excluding lintners	no.	31
			Coffee	lb.	287

DOMESTIC EXPORTS: Quantity and value by specified countries of their principal agricultural products, 1960 - Continued

Country of destination and commodities exported	Unit	Year ended December 31		Country of destination and commodities exported	Unit	Year ended December 31	
		Quantity	Value			Quantity	Value
Europe - Continued:				1,000			
Austria - Continued:				Thousands \$			
Pineapples, canned	lb.	1,197	196				
Other fruits & prep.	lb.	✓ 6,348	6,363				
Barley, grain (48 lb.)	bu.	5,870	7,778				
Corn, grain (56 lb.)	bu.	414	717				
Wheat, grain (60 lb.)	bu.	797	880				
Grain sorghams (56 lb.)	bu.	2,685	1,619				
Tobacco, flue-cured, unstem.	lb.	353	254				
Virginia fire & sun cured	lb.	179	208				
Cigar binder	lb.	270	269				
Other tobacco, leaf	lb.	✓ 102	810				
Vegetables & preparations	lb.	✓ 679	679				
Food for relief or charity	lb.	✓ 24,980	24,980				
Other agricultural products	lb.						
Total							
Switzerland:				Finland - Continued:			
Cattle hides	no.	70	565	Thousands \$			
Calf skins	no.	54	239				
Chickens, fresh or frozen	lb.	22,971	7,336				
Other meats	lb.	991	382				
Sausage casings	lb.	2,247	1,383				
Eggs, dried	lb.	295	215				
Yellow, inedible	lb.	5,765	383				
Gelatin, edible	lb.	144	198				
Coffee	lb.	384	172				
Cotton, excluding lintners	no.	109	15,346				
Grapefruit, fresh	lb.	2,158	130				
Lemons & limes, fresh	lb.	8,274	426				
Prunes, dried	lb.	1,174	294				
Raisins & currants	lb.	2,199	301				
Other dried fruits	lb.	639	281				
Fruit cocktail, canned	lb.	3,890	626				
Pineapples, canned	lb.	5,730	941				
Peaches, canned	lb.	3,224	373				
Orange juice	gal.	95	215				
Other fruits & prep.	lb.	✓ 977	407				
Almonds, sweet, shelled	lb.	586	618				
Barley, grain (48 lb.)	bu.	1,003	1,264				
Corn, grain (56 lb.)	bu.	317	355				
Grain sorghams (56 lb.)	bu.	628	452				
Oats, grain (32 lb.)	bu.	4,886	337				
Rice, milled	lb.	1,526	2,580				
Wheat, grain (60 lb.)	bu.	6	406				
Soybean oil cake (2,000 lb.)	ton	1,568	112				
Glucose & dextrane, exempt pharmaceutical	lb.	801	1,822				
Soybeans (60 lb.)	bu.	134	424				
Flaxseed (56 lb.)	bu.	9,421	983				
Linseed oil, crude	lb.	1,552	129				
Soybean oil, crude	lb.	1,454	281				
Seeds, field & garden	lb.	217	142				
Hops	lb.	2,740	2,057				
Tobacco, flue-cured, unstem.	lb.	1,397	690				
Dark-fired Kentucky & Tenn.	lb.	455	391				
Tobacco, burley, unstem.	lb.	5,163	5,415				
Maryland tobacco	lb.	276	231				
Virginia, fire & sun cured	lb.						
Peanut, dry, ripe (incl. skins & vsg.)	lb.	3,783	528				
Chickpeas & cowpeas	lb.	1,017	504				
Soups & veg., dehydrated	lb.	4,231	1,225				
Asparagus, canned	lb.	842	620				
Vegetable seasonings	lb.	✓ 338	338				
Other vegetables & prep.	lb.	✓ 1,349	1,349				
Other agricultural products	lb.						
Total							
Finland:				Poland and Danish:			
Yellow, inedible	lb.	1,933	100	lb. \$			
Coffee, instant	no.	109	282				
Cotton, excluding lintners	no.	30	4,067				
Apples, fresh	lb.	3,264	244				
Prunes, dried	lb.	5,137	1,340				
Raisins & currants	lb.	3,622	564				
Fruits, mixed	lb.	✓ 1,966	797				
Other fruits & prep.	lb.	✓ 470	247				
Almonds, sweet, shelled	lb.	2,439	272				
Soybean oil, crude	lb.	382	810				
Soybeans (60 lb.)	bu.	3,464	1,858				
Tobacco, flue-cured, unstem.	lb.	1,573	951				
Tobacco, burley, unstem.	lb.						
				Roast dry milk			
				lb. \$			
				10,462 828			
				Cattle hides			
				lb. \$			
				43,422 2,825			
				Cotton, excluding lintners			
				no. \$			
				118 15,537			
				Barley, grain (48 lb.)			
				bu. \$			
				13,573 14,612			
				Wheat, grain (60 lb.)			
				bu. \$			
				42,953 74,009			
				Grain sorghams (56 lb.)			
				bu. \$			
				4,496 4,671			
				Corn, grain (56 lb.)			
				bu. \$			
				3,383 4,377			
				Soybean oil cake (2,000 lb.)			
				ton \$			
				9 548			
				Tobacco, flue-cured, unstem.			
				lb. \$			
				1,384 1,067			
				Soybean oil			
				lb. \$			
				57,436 6,217			
				Alfalfa seed			
				lb. \$			
				583 193			
				Food for relief or charity			
				✓ lb. \$			
				4,054 356			
				Other agricultural products			
				lb. \$			
				131,086			
				Spain:			
				no. \$			
				262 233			
				Baby chicks			
				doz. \$			
				27 118			
				Eggs, in the shell			
				doz. \$			
				34 270			
				Cattle hides			
				lb. \$			
				2,916 717			
				Sausage casings			
				lb. \$			
				45,647 2,991			
				Yellow, inedible			
				lb. \$			
				219 30,556			
				Cotton, excluding lintners			
				no. \$			
				4,267 4,697			
				Barley, grain (48 lb.)			
				bu. \$			
				2,721 3,640			
				Corn, grain (56 lb.)			
				bu. \$			
				6,504 11,001			
				Wheat, grain (60 lb.)			
				bu. \$			
				38 2,715			
				Soybean oil cake (2,000 lb.)			
				ton \$			
				462,324 46,426			
				Soybean oil			
				lb. \$			
				8,689 758			
				Beans, dry, ripe			
				lb. \$			
				✓ 8,273 827			
				Food for relief or charity			
				✓ lb. \$			
				426 426			
				Other agricultural products			
				lb. \$			
				113,109			
				Portugal:			
				no. \$			
				25 3,466			
				Cotton, excluding lintners			
				no. \$			
				2,022 2,310			
				Wheat, grain (60 lb.)			
				bu. \$			
				44 186			
				Wheat flour, wholly of U. S. (100 lb.)			
				cut. \$			
				5,638 2,065			
				Tobacco, flue-cured			
				lb. \$			
				1,332 866			
				Tobacco, burley			
				lb. \$			
				1,310 667			
				Maryland tobacco			
				lb. \$			
				✓ 3,269 326			
				Food for relief or charity			
				✓ lb. \$			
				426 426			
				Other agricultural products			
				lb. \$			
				15,244			
				Italy:			
				lb. \$			
				4,561 1,066			
				Milk, dried, whole			
				lb. \$			
				6,944 1,161			
				Roast dry milk			
				lb. \$			
				1,242 1,114			
				Cattle hides			
				no. \$			
				266 646			
				Calf skins			
				no. \$			
				83 482			
				Other hides & skins 2/			
				no. \$			
				271,580 16,637			
				Yellow, inedible			
				lb. \$			
				456 566			
				Wool-like specialty hair			
				no. \$			
				39 362			
				Gelatin, edible			
				lb. \$			
				576 76,602			
				Cotton, excluding lintners			
				no. \$			
				3,157 1,408			
				Coffee, green			
				lb. \$			
				4,382 1,131			
				Prunes, dried			
				lb. \$			
				1,616 1,861			
				Barley, grain (48 lb.)			
				bu. \$			
				633 866			
				Corn, grain (56 lb.)			
				bu. \$			
				543 380			
				Oats, grain (32 lb.)			
				bu. \$			
				8,783 14,686			
				Wheat, grain (60 lb.)			
				bu. \$			
				346 1,954			
				Wheat flour, wholly of U. S. (100 lb.)			
				cut. \$			
				684 684			
				Grain sorghams (56 lb.)			
				bu. \$			
				40 2,584			
				Soybean oil cake (2,000 lb.)			
				ton \$			
				8 220			
				Mixed corn foods (2,000 lb.)			
				ton \$			
				7 992			
				Other foods & feeders (2,000 lb.)			
				ton \$			
				4,268 9,684			
				Soybeans (60 lb.)			
				bu. \$			
				175 353			
				Flaxseed (56 lb.)			
				lb. \$			
				11,773 1,020			
				Soybean oil, crude			
				lb. \$			
				6,948 372			
				Vegetable oil foots			
				lb. \$			
				867 176			
				Alfalfa seed			
				lb. \$			
				1,636 420			
				Clover seed			
				lb. \$			
				7,014 445			
				Grass seed			
				lb. \$			
				3,104 2,413			
				Tobacco, flue-cured, unstem.			
				lb. \$			

DOMESTIC EXPORTS: Quantity and value by specified countries of their principal agricultural products, 1960 - Continued

Country of destination and commodities exported	Unit	Year ended December 31		Country of destination and commodities exported	Unit	Year ended December 31	
		Quantity	Value			Quantity	Value
Europe - Continued:				Lebanon - Continued:			
Italy - Continued:				(100 lb.)			
Tobacco, burley, unstem.	lb.	2,004	1,955	Wheat flour, wholly of U. S.	Cent.	511	1,905
Vegetable including linters	lb.	799	115	Mixed poultry feeds (2,000 lb./ton)	ton	309	299
Other vegetables & preparations ...	✓	✓	302	Vegetable oil	lb.	736	127
Food for relief or charity ...	✓	✓	12,462	Vegetables & preparations ...	✓	✓	151
Other agricultural products ...	✓	✓	4,070	Food for relief or charity ...	✓	✓	161
Total			159,430	Other agricultural products ...	✓	✓	601
Free Territory of Trieste:				Total			
Corn, grain (56 lb.)	bu.	1,568	2,109	7,718			
Cotton, excluding linters	shls.	5	589	Iran (Mesopotamia):			
Tobacco, burley, unstem.	lb.	150	106	Nonfat dry milk	lb.	372	64
Food for relief or charity ...	✓	✓	158	Infants' & dietetic foods ...	lb.	234	157
Other agricultural products ...	✓	✓	24	Yellow, inedible	lb.	4,929	388
Total			3,056	Rice, milled	lb.	15,151	967
Mexico:				Wheat, grain (60 lb.)			
Nonfat dry milk	lb.	7,314	643	bu.			
Cattle hides	no.	80	496	Other agricultural products ...			
Fruit juices	gal.	250	341	Total			
Yellow, inedible	lb.	18,347	1,128	3,382			
Cotton, excluding linters	shls.	91	11,791	Iran (Persia):			
Corn, grain (56 lb.)	bu.	125	429	Nonfat dry milk	lb.	775	89
Wheat, grain (60 lb.)	bu.	380	656	Infants' & dietetic foods ...	lb.	277	227
Cottonseed oil, refined	lb.	3,748	512	Meats	lb.	275	121
Soybean oil, crude	lb.	47,485	4,829	Yellow, inedible	lb.	21,613	1,734
Beans, dry, ripe	lb.	7,186	603	Fruits & preparations	✓	✓	250
Food for relief or charity ...	✓	✓	12,079	Barley, grain (48 lb.)	bu.	1,309	2,430
Other agricultural products ...	✓	✓	429	Corn, grain (56 lb.)	bu.	1,658	2,764
Total			34,136	Wheat, grain (60 lb.)	lb.	1,658	2,764
Spain:				Cottonseed oil, refined			
Cattle hides	no.	47	297	lb.			
Chickens, fresh or frozen	no.	991	289	11,053			
Yellow, inedible	lb.	4,741	324	Cottonseed oil, crude			
Cotton, excluding linters	shls.	7	970	lb.			
Barley, grain (48 lb.)	bu.	2,059	2,189	1,991			
Corn, grain (56 lb.)	bu.	2,525	3,977	379			
Wheat, grain (60 lb.)	bu.	1,190	2,180	Total			
Soybean oil, refined	lb.	11,033	649	11,550			
Alfalfa seed	lb.	477	185	Israel:			
Food for relief or charity ...	✓	✓	5,613	Meats	lb.	292	179
Other agricultural products ...	✓	✓	83	Cattle hides	no.	30	245
Total			16,583	Other hides & skins 2/	no.	5	126
Turkey:				Cotton, excluding linters			
Cattle hides	no.	217	1,870	shls.			
Chickens, fresh or frozen	no.	1,005	1,289	16			
Yellow, inedible	lb.	15,325	26,292	Fruits & preparations			
Cotton, excluding linters	shls.	42,330	5,673	lb.			
Barley, grain (48 lb.)	bu.	✓	998	1,820			
Corn, grain (56 lb.)	bu.	✓	246	✓			
Wheat, grain (60 lb.)	bu.	✓	3,358	✓			
Other agricultural products ...	✓	✓	82	✓			
Total			36,358	✓			
Total above countries (Europe)				12,207,161			
Other Europe				5,550			
Total Europe				12,212,711			
Asia:				Jordan:			
United Arab Rep. (Arabia Oriental):				Barley, grain (48 lb.)			
Wheat flour, wholly of U. S.	Cent.	1,166	5,202	bu.			
(100 lb.)				782			
Corn, grain (56 lb.)	bu.	314	368	1,974			
Grain sorghums (56 lb.)	bu.	472	501	Wheat flour, wholly of U. S.			
Barley, grain (48 lb.)	bu.	5,335	6,328	(100 lb.)			
Wheat, grain (60 lb.)	bu.	5,834	6,654	Cent.			
Other agricultural products ...	✓	✓	798	446			
Total			22,651	619			
Lebanon:				Food for relief or charity ...			
Nonfat dry milk	lb.	3,757	544	✓			
Cotton, excluding linters	shls.	✓	198	✓			
Fruits & preparations	✓	✓	277	✓			
Barley, grain (48 lb.)	bu.	✓	1,748	✓			
Corn, grain (56 lb.)	bu.	✓	199	✓			
Rice, milled	lb.	✓	2,400	✓			
Wheat, grain (60 lb.)	bu.	✓	661	✓			
Other agricultural products ...				304			
Total				10,051			
Kenya:				Meats			
Nonfat dry milk				lb.			
Barley, grain (48 lb.)				355			
Rice, milled				184			
Wheat flour, wholly of U. S.				4,087			
(100 lb.)				233			
Orange juice				258			
Other fruits & preparations ...				121			
Vegetables, canned				147			
Other vegetables & prep.				217			
Other agricultural products ...				266			
Total				2,197			
				130			
				282			
				2,382			

DOMESTIC EXPORTS: Quantity and value by specified countries of their principal agricultural products, 1960 - Continued

Country of destination and commodities exported	Unit	Year ended December 31		Country of destination and commodities exported	Unit	Year ended December 31	
		Quantity	Value			Quantity	Value
Asia - Continued:				Thailand (Siam) - Continued:			
Special Regions:		Thousands	Dollars	Thousands	Dollars		
Chicken, fresh or frozen	lb.	49	23	Other grains & prep.			
Other meats	lb.	379	214	Flouring strups, etc.	Gal.	52	292
Dairy products	✓ lb.		218	Tobacco, flue-cured, unstem.	lb.	4,395	3,022
Rice, milled	✓ lb.	12,908	1,053	Tobacco, burley, unstem.	✓ lb.	201	165
Wheat flour, wholly of U. S. (100 lb.)	✓ cwt.	1,277	3,403	Vegetables, canned	✓ lb.	512	103
Barley, grain (48 lb.)	✓ bu.	577	753	Other vegetables & prep.	✓		85
Fruit juices	✓ Gal.	102	141	Other agricultural products	✓		282
Vegetables, canned	✓ lb.	1,312	183	Total	✓		5,682
Other vegetables & prep.	✓		211				
Other agricultural products	✓		661	Viet-Nam:			
Total	✓		7,043	Milk, condensed, sweetened	✓ lb.	37,843	8,866
				Other dairy products	✓		601
Peninsula States:				Cotton, excluding lintners	✓ Hbls.	15	2,036
	✓ lb.	161	72	Grapes, fresh	✓ lb.	808	120
Wheat, 50 lb.	✓ bu.	276	643	Wheat flour, wholly of U. S. (100 lb.)	✓ cwt.	868	3,100
Wheat flour, wholly of U. S. (100 lb.)	✓ cwt.	222	1,009	Tobacco, flue-cured, unstem.	✓ lb.	2,656	1,828
Vegetables & preparations	✓		53	Ciger, filler	✓ lb.	307	137
Other agricultural products	✓		116	Maryland tobacco	✓ lb.	288	136
Total	✓		1,933	Vegetables & preparations	✓		179
				Food for relief or charity	✓		4,533
				Other agricultural products	✓		282
				Total	✓		22,012
India:							
Nonfat dry milk	✓ lb.	10,506	1,060	Cambodia:			
Gelatin, edible	✓ lb.	32	261	Milk, condensed, sweetened	✓ lb.	2,871	668
Cotton, excluding lintners	✓ Hbls.	629	88,374	Wheat flour, wholly of U. S. (100 lb.)	✓ cwt.	197	730
Corn, grain (56 lb.)	✓ bu.	3,952	5,130	Tobacco, flue-cured, unstem.	✓ lb.	521	369
Grain sorghums (56 lb.)	✓ bu.	2,096	3,180	Other agricultural products	✓		86
Rice, milled	✓ lb.	708,532	46,524	Total	✓		1,653
Wheat, grain (60 lb.)	✓ bu.	161,214	270,282				
Tobacco, flue-cured	✓ lb.	530	465	Federation of Malaya:			
Food for relief or charity	✓		9,125	Dairy products	✓		168
Other agricultural products	✓		882	Yellow, inedible	✓ lb.	1,895	141
Total	✓		428,290	Meats	✓ lb.	197	83
				Oranges & tangerines, fresh	✓ lb.	790	66
				Fruit juices	✓ Gal.	29	76
				Fruits, dried	✓ lb.	632	112
				Other fruits & prep.	✓		102
				Rice, milled	✓ lb.	8,061	446
				Flouring strups, etc.	✓ Gal.	36	164
				Tobacco, flue-cured, unstem.	✓ lb.	886	683
				Vegetables, canned	✓ lb.	758	136
				Other vegetables & prep.	✓		124
				Food for relief or charity	✓		206
				Other agricultural products	✓		206
				Total	✓		2,893
Malaya:				Singapore Colony of Br. Borneo:			
Nonfat dry milk	✓ lb.	4,997	609	Poultry & game, fresh or frozen	✓ lb.	523	247
Yellow, inedible	✓ lb.	30,766	2,365	Other meats	✓ lb.	277	106
Cotton, excluding lintners	✓ Hbls.	5	1,604	Infants' & dietic foods	✓ lb.	161	118
Rice, milled	✓ lb.	182,190	12,719	Other dairy products	✓		144
Wheat, grain (60 lb.)	✓ lb.	42,372	69,631	Cotton, excluding lintners	✓ Hbls.	9	904
Wheat flour, wholly of U. S. (100 lb.)	✓ cwt.	277	928	Ginseng	✓ lb.	9	202
Soybean oil, refined	✓ lb.	27,606	3,310	Oranges & tangerines, fresh	✓ lb.	7,692	654
Cottonseed oil, refined	✓ lb.	34,407	4,482	Grapes, fresh	✓ lb.	1,178	182
Tobacco, flue-cured, unstem.	✓ lb.	1,554	1,448	Apples, fresh	✓ lb.	1,152	104
Food for relief or charity	✓		1,489	Fruits, canned	✓ lb.	776	139
Other agricultural products	✓		431	Fruit juices	✓ Gal.	79	122
Total	✓		69,014	Other fruits & prep.	✓		285
				Rice, milled	✓ lb.	9,184	516
				Wheat flour, wholly of U. S. (100 lb.)	✓ cwt.	25	98
				Flouring strups, etc.	✓ Gal.	45	228
				Tobacco, flue-cured, unstem.	✓ lb.	2,529	1,815
				Vegetables, canned	✓ lb.	1,839	346
				Catup & other tomato sauces	✓ lb.	900	152
				Food for relief or charity	✓		170
				Other agricultural products	✓		473
				Total	✓		7,008
Ceylon:				Indonesia, Republic of:			
Malted milk, compounds, etc.	✓ lb.	1,120	455	Nonfat dry milk	✓ lb.	2,262	361
Rice, milled	✓ lb.	21,717	1,227	Infants' & dietic foods	✓ lb.	420	208
Wheat flour, wholly of U. S. (100 lb.)	✓ cwt.	456	1,550	Cotton, excluding lintners	✓ Hbls.	51	6,694
Tobacco, flue-cured, unstem.	✓ lb.	769	717	Rice, milled	✓ lb.	183,778	9,674
Food for relief or charity	✓		3,289				
Other agricultural products	✓		352				
Total	✓		7,577				
Burma:							
Nonfat dry milk	✓ lb.	235	42				
Malted milk, compounds, etc.	✓ lb.	99	48				
Cotton, excluding lintners	✓ Hbls.	6	712				
Fruits & preparations	✓		94				
Drugs, except pharmaceutical	✓ lb.	143	11				
Tobacco, flue-cured, unstem.	✓ lb.	562	348				
Other tobacco, leaf	✓ lb.	43	21				
Other agricultural products	✓		87				
Total	✓		1,465				
Thailand (Siam):							
Infants' & dietic foods	✓ lb.	264	191				
Cotton, excluding lintners	✓ Hbls.	19	2,147				
Coffee	✓ lb.	45	90				
Ginseng	✓ lb.	5	112				
Wheat flour, wholly of U. S. (100 lb.)	✓ cwt.	25	104				

DOMESTIC EXPORTS: Quantity and value by specified countries of their principal agricultural products, 1960 - Continued

Country of destination and commodities exported	Year ended		Country of destination and commodities exported	Year ended	
	Units	December 31		Units	December 31
	Quantity	Value		Quantity	Value
Asia - Continued:		1,000			1,000
Malaya and Nippon Islands - Cont.:	Thousands	dollars	Algeria - Continued:	Thousands	dollars
Rice, milled	1,000	34	Soybeans (60 lb.)	26	1,153
Yellow, inedible	2,094	173	Food for relief or charity	✓	34
Coffee, instant	285	810	Other agricultural products	✓	1,373
Fruits & preparations	✓	209	Total		1,373
Rice, milled	51,159	3,392	Tunisia:		
Wheat flour, wholly of U. S. (100 lb.)	47	219	Nonfat dry milk	1,728	272
Corn, grain (56 lb.)	197	277	Rice, milled	8,380	578
Soybeans (60 lb.)	403	978	Food for relief or charity	✓	4,679
Oleomargarine	1,055	125	Maryland tobacco	289	154
Vegetables & preparations	✓	239	Food for relief or charity	✓	173
Food for relief or charity	✓	1,424	Other agricultural products	✓	367
Other agricultural products	✓	568	Total		11,681
Total		11,192	Libya:		
Total above countries (Asia)	✓	11,458,632	Nonfat dry milk	299	66
Other Asia		2,578	Meats	108	46
Total Asia		11,461,210	Fruits & preparations	✓	132
Australia and Oceania:			Barley, grain (48 lb.)	1,237	1,058
Australia:			Wheat, grain (60 lb.)	1,083	2,005
Poultry, canned	2,436	639	Vegetables & preparations	✓	103
Sausage casings	1,292	1,467	Food for relief or charity	✓	513
Cotton, excluding linters	68	9,916	Other agricultural products	✓	438
Coffee	616	843	Total		5,229
Soybean oil cake (2,000 lb.)	3	223	United Arab Republic (Egypt Region):		
Linseed oil, crude	927	124	Nonfat dry milk	774	136
Soybean oil, crude	2,696	260	Infants' & dietic foods	296	226
Other oils & fats, veg., exp.	8,428	763	Chickens, fresh or frozen	1,342	433
Almonds, sweet, shelled	1,133	828	Yellow, edible	5,083	521
Seeds, field & garden	1,790	607	Yellow, inedible	61,247	3,900
Tobacco, flue-cured, unstem.	17,960	14,678	Corn, grain (56 lb.)	2,446	3,264
Tobacco, burley, unstem.	1,542	1,333	Wheat, grain (60 lb.)	22,300	36,804
Other tobacco, leaf	516	346	Wheat flour, wholly of U. S. (100 lb.)	8,964	28,880
Vegetables & preparations	✓	607	Soybean oil, refined	45,217	4,602
Other agricultural products	✓	1,651	Tobacco, flue-cured, unstem.	10,391	6,729
Total		33,431	Tobacco, burley, unstem.	2,087	1,875
New Zealand:			Food for relief or charity	✓	11,009
Sausage casings	399	516	Other agricultural products	✓	72
Oranges & tangerines, fresh	4,236	303	Total		99,137
Prunes, dried	1,013	297	Canary Islands:		
Raisins & currants	2,647	417	Barley, grain (48 lb.)	106	113
Other fruits & prep.	✓	365	Corn, grain (56 lb.)	1,893	2,561
Oils & fats, veg., expressed	726	123	Wheat, grain (60 lb.)	2,263	3,530
Seeds, field & garden	271	143	Tobacco, cigar wrapper	179	323
Tobacco, flue-cured, unstem.	4,600	3,984	Other agricultural products	✓	226
Rice, milled	1,836	124	Total		4,728
Other agricultural products	✓	467	Eastern Africa (S):		
Total		6,750	Cotton, excluding linters	261	56
Total Australia and New Zealand		40,173	Corn, grain (56 lb.)	261	354
Other Oceania		1,426	Grain sorghums (56 lb.)	335	382
Total Australia & Oceania		41,799	Rice, milled	1,286	81
Africa:			Soybeans (60 lb.)	143	339
Morocco:			Black fat tobacco	394	235
Yellow, inedible	21,902	1,370	Food for relief or charity	✓	1,129
Cotton, excluding linters	11	1,444	Other agricultural products	✓	154
Rice, milled	3,532	283	Total		2,728
Wheat, grain (60 lb.)	1,728	2,989	Ghana:		
Soybeans (60 lb.)	577	1,213	Poultry, fresh or frozen	419	143
Cracked corn, refined	21,522	2,418	Wheat flour, wholly of U. S. (100 lb.)	491	2,577
Soybean oil, crude	33,852	3,229	Rice, milled	34,308	1,981
Food for relief or charity	✓	2,733	Tobacco, flue-cured, unstem.	632	568
Other agricultural products	✓	625	Black fat tobacco	1,339	1,252
Total		16,384	Food for relief or charity	✓	460
Algeria:			Other agricultural products	✓	194
Yellow, inedible	992	57	Total		7,162
Tobacco, flue-cured, unstem.	256	142	Nigeria and Cameroun:		
Other tobacco, leaf	180	128	Meats	441	184
			Rice, milled	3,647	210
			Wheat flour, wholly of U. S. (100 lb.)	1,055	5,325

DOMESTIC EXPORTS: Quantity and value by specified countries
of their principal agricultural products, 1960 - Continued

Country of destination and commodities exported	Unit	Year ended December 31		Country of destination and commodities exported	Unit	Year ended December 31	
		Quantity	Value			Quantity	Value
Africa - Continued:				Republic of the Congo and Rwanda-Urundi - Continued:			
Ethiopia - Cont.				Ethiopia (Administrative)			
Tobacco, flue-cured, unstem.	lb.	437	334	Nonfat dry milk	lb.	568	138
Black fat tobacco	lb.	2,131	2,002	Cotton, excluding lintners	rbale	17	2,129
Other agricultural products		284		Grains & preparations		✓	43
Total		3,652		Other agricultural products			59
Angola:				Madagascar:			
Dairy products		✓	38	Dairy products		✓	27
Wheat, grain (50 lb.)	bu.	413	676	Wheat, grain (50 lb.)	bu.	846	1,400
Wheat flour, wholly of U. S. (100 lb.)	cwt.	22	98	Other grains & prep.		✓	39
Flavoring sirups, etc.	gal.	9	52	Tobacco, flue-cured, unstem.	lb.	42	28
Tobacco, flue-cured, unstem.	lb.	261	172	Other agricultural products			70
Vegetables & preparations		✓	20	Total			1,564
Other agricultural products			92	Union of South Africa:			
Total		1,148		Sausage casings	lb.	666	676
Liberia:				Infants' & dietetic foods			
Poultry & game, fresh or frozen	lb.	263	91	Yallow, inedible	lb.	67,200	4,044
Pork	lb.	143	76	Cotton, excluding lintners	rbale	53	6,857
Beef & veal	lb.	173	85	Fruits & preparations		✓	152
Dairy products		✓	54	Rice, milled	lb.	46,250	2,751
Fruits & preparations		✓	114	Soybean oil, crude	lb.	3,633	361
Rice, milled	lb.	40,755	1,980	Peppermint oil	lb.	22	118
Wheat flour, wholly of U. S. (100 lb.)	cwt.	34	219	Hops	lb.	269	111
Other grains & prep.		✓	120	Seeds, field & garden	lb.	412	185
Oils & fats, veg., expressed	lb.	930	203	Tobacco, flue-cured, unstem.	lb.	73	69
Sugar, refined	lb.	1,659	132	Asparagus, canned	lb.	1,015	212
Vegetables & preparations		✓	191	Other vegetables & prep.		✓	329
Food for relief or charity		✓	340	Other agricultural products			1,267
Other agricultural products			270	Total			17,393
Total		3,673		Total above countries (Africa)			
Republic of the Congo and Rwanda-Urundi:				Other Africa			
Nonfat dry milk	lb.	1,909	331				189,790
Other dairy products		✓	90	Total Africa			
Beef & veal, fresh or frozen	lb.	304	216				193,510
Other meats	lb.	399	136	Total specified countries			
Eggs, dried	lb.	96	116				14,808,658
Barley, malt (34 lb.)	bu.	196	432	Other countries			
Rice, milled	lb.	1,688	127				15,529
Wheat flour, wholly of U. S. (100 lb.)	cwt.	315	1,681	Total all countries			
Fruits & preparations		✓	132				14,824,187
Hops	lb.	55	36				
Soups & vegetables, dehydrated	lb.	350	106				
Vegetables, canned	lb.	1,159	132				
Food for relief or charity		✓	191				

✓ Reported in value only.

✓ Excludes the number of "other hides and skins", reported in value only.

✓ Less than 500.

✓ Includes Cameroon, Western Equatorial Africa and other Western Africa.

UNITED STATES DEPARTMENT OF AGRICULTURE
Foreign Agricultural Service
Washington 25, D. C.

SDS-4-62

March 13, 1962

TITLE I, PUBLIC LAW 480: TOTAL AMOUNTS PROGRAMED AND SHIPPED THROUGH DECEMBER 31, 1961, AND SHIPMENTS BY 6-MONTH PERIODS, FROM JULY 1, 1959, THROUGH DECEMBER 31, 1961, BY COUNTRY AND COMMODITY.

This report shows the total amount programed by commodity for each country, under agreements signed through December 31, 1961, for the sale of U.S. agricultural commodities for foreign currency under Title I, Public Law 480, and total quantity and estimated market value of shipments for the period January 1, 1955, through December 31, 1960, and by 6-month periods from July 1, 1959, through December 31, 1961. Data for the fiscal years 1955 through 1959 by 6-month periods are shown in SDS-7-61 issued May 24, 1961.

The amount programed is the amount specified in the agreement, exclusive of ocean transportation, as modified by purchase authorization transactions. The quantity shipped is based on tonnage shown on ocean bills of lading. The value is estimated export market value, basis U.S. port of export. Estimates are revised to reflect actual amounts financed by CCC when this information is obtained for completed purchase authorizations. These revisions account for most differences from amounts shown on previous reports.

Program Operations Division

TITLE I, PUBLIC LAW 480: Amounts programmed under agreements signed through December 31, 1961, total shipments January 1, 1955 through December 31, 1961, and shipments by 6-month periods from July 1, 1959 through December 31, 1961, by country and commodity.
(In thousands)

Country and commodity	Amounts programmed through December 31, 1961	Total shipments January 1, 1955-December 31, 1961	Shipments by 6-month periods					
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	Jan.-June
Argentina								
Rice								
Metric tons.....		2.71	2.71	--	--	--	--	
Cwt.....		60	60	--	--	--	--	
Market value..... \$	324	324	324	--	--	--	--	
Soybean oil								
Metric tons.....		3.96	2.99	.97	--	--	--	
Pounds.....		8,736	6,591	2,145	--	--	--	
Market value..... \$	29,552	903	697	206	--	--	--	
Cottonseed oil								
Metric tons.....		90.71	--	--	--	--	--	
Pounds.....		199,900	--	--	--	--	--	
Market value.....	(1)	25,669	--	--	--	--	--	
Total-Argentina								
Metric tons.....		97.38	5.70	.97	--	--	--	
Market value..... \$	27,876	29,878	1,022	206	--	--	--	
Austria								
Wheat								
Metric tons.....		110.38	--	--	--	--	--	
Bushels.....		4,055	--	--	--	--	--	
Market value..... \$	6,894	6,894	--	--	--	--	--	
Corn								
Metric tons.....		264.35	--	9.61	--	--	--	
Bushels.....		11,247	--	378	--	--	--	
Market value..... \$	13,347	15,247	--	491	--	--	--	
Barley								
Metric tons.....		9.10	--	--	--	--	--	
Bushels.....		418	--	--	--	--	--	
Market value..... \$	444	444	--	--	--	--	--	
Cotton								
Metric tons.....		15.12	.76	.05	.03	--	--	
Bales.....		63.61	3.20	.19	.11	--	--	
Market value..... \$	9,552	9,552	457	31	18	--	--	
Tobacco								
Metric tons..... \$		3.36	--	--	--	--	--	
Pounds.....		7,425	--	--	--	--	--	
Market value..... \$	4,800	4,800	--	--	--	--	--	

TITLE I, PUBLIC LAW 480, continued

All data in thousands

Country and commodity	Amounts programed through December 31, 1961	Total shipments January 1, 1955 December 31, 1961	Shipments by 6-month periods					
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	Jan.-June
Austria, continued								
Lard								
Metric tons.....		8.82	--	--	--	--	--	
Pounds.....		19,449	--	--	--	--	--	
Market value.....\$	2,397	2,397	--	--	--	--	--	
Dried fruit								
Metric tons.....		.57	--	--	--	--	--	
Pounds.....		1,257	--	--	--	--	--	
Market value.....\$	163	163	--	--	--	--	--	
Canned fruit								
Metric tons.....		.02	--	--	--	--	--	
Pounds.....		42	--	--	--	--	--	
Market value.....\$	5	5	--	--	--	--	--	
Total - Austria								
Metric tons.....		431.52	.76	9.66	.03	--	--	
Market value.....\$	30,502	32,502	457	522	18	--	--	
Bolivia								
Wheat flour								
Metric tons.....		35.24	--	--	--	--	35.34	
Pounds.....		77,673	--	--	--	--	77,691	
Market value.....\$	2,961	2,289	--	--	--	--	2,289	
Rice								
Metric tons.....		2.75	--	--	--	--	2.75	
Cwt.....		60	--	--	--	--	60	
Market value.....\$	317	318	--	--	--	--	318	
Total-Bolivia								
Metric tons.....		37.99	--	--	--	--	37.99	
Market value.....\$	3,308	2,607	--	--	--	--	2,607	
Brazil								
Wheat								
Metric tons.....		3845.63	596.75	211.28	220.75	638.96	842.40	
Bushels.....		141,304	21,928	7,763	8,111	23,478	30,953	
Market value.....\$	244,416	237,865	37,537	13,232	13,960	39,498	52,265	
Wheat flour								
Metric tons.....		12.92	--	--	--	--	--	
Pounds.....		28,472	--	--	--	--	--	
Market value.....\$	921	929	--	--	--	--	--	

Country and commodity	Amounts programed through December 31, 1961	Total shipments January 1, 1959, December 31, 1961	Shipments by month periods					
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	Jan.-June
Brazil, continued								
Corn								
Metric tons.....		9.38	--	--	--	--	--	--
Bushels.....		369	--	--	--	--	--	--
Market value..... \$	622	622	--	--	--	--	--	--
Tobacco								
Metric tons.....		.14	--	.03	--	--	--	--
Pounds.....		312	--	64	--	--	--	--
Market value..... \$	700	700	--	159	--	--	--	--
Butter								
Metric tons.....		1.60	--	--	--	--	--	--
Pounds.....		3,533	--	--	--	--	--	--
Market value..... \$	1,908	1,908	--	--	--	--	--	--
Cottonseed oil								
Metric tons.....		3.31	--	--	--	--	--	--
Pounds.....		7,306	--	--	--	--	--	--
Market value..... \$	1,457	1,457	--	--	--	--	--	--
Lard								
Metric tons.....		7.64	--	--	--	--	--	--
Pounds.....		16,497	--	--	--	--	--	--
Market value..... \$	2,577	2,577	--	--	--	--	--	--
Total - Brazil								
Metric tons.....		3980.42	596.78	211.31	220.75	638.96	842.40	
Market value..... \$	252,577	246,046	37,537	13,303	13,360	39,429	52,265	
Burma								
Cotton..... \$	33,062							
(Untied Kingdom)								
Metric tons.....		8.43	2.52	1.26	--	--	--	--
Bales.....		33.74	10.51	5.27	--	--	--	--
Market value.....		4,715	1,650	530	--	--	--	--
(Japan)								
Metric tons.....		27.97	5.24	8.25	--	.07	--	--
Bales.....		119.18	22.41	34.75	.02	.30	--	--
Market value.....		15,527	3,587	3,231	2	33	--	--
(West Germany)								
Metric tons.....		5.43	.27	.69	--	neg.	--	--
Bales.....		22.07	1.23	2.94	--	neg.	--	--
Market value.....		3,775	196	325	--	1	--	--
(France)								
Metric tons.....		.03	--	.03	--	--	--	--
Bales.....		.11	--	.11	--	--	--	--
Market value.....		19	--	19	--	--	--	--

Country and commodity	Amounts programmed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods				
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.
Burma, continued							
(Burma)							
Metric tons.....		5.30	.86	.61	.27	neg	2.35
Sales.....		22.12	3.55	2.50	1.25	neg	9.82
Market value.....	\$	2,611	347	200	113	7	1 343
(India)							
Metric tons.....		10.61	1.35	4.00	.09	--	--
Sales.....		45.05	5.68	17.00	.37	--	--
Market value.....		6,182	709	1,562	44	--	--
(Hong Kong)							
Metric tons.....		.65	.44	.21	--	neg	--
Sales.....		2.72	1.33	.94	--	neg	--
Market value.....		403	301	101	--	1	--
(Holland)							
Metric tons.....		.33	.27	.06	--	--	--
Sales.....		1.36	1.12	.24	--	--	--
Market value.....		208	177	29	--	--	--
(Yugoslavia)							
Metric tons.....		.63	--	.63	--	neg	--
Sales.....		2.65	--	2.65	--	neg	--
Market value.....		321	--	319	--	2	--
Tobacco							
Metric tons.....		1.59	.10	.11	.17	.02	.06
Pounds.....		3,504	217	246	373	35	139
Market value.....	\$	2,693	164	202	308	201	100
Evaporated milk							
Metric tons.....		1.97	--	--	--	--	--
Pounds.....		4,350	--	--	--	--	--
Market value.....	\$	560	--	--	--	--	--
Condensed milk							
Metric tons.....		2.98	--	--	--	--	--
Pounds.....		6,567	--	--	--	--	--
Market value.....	\$	1,414	--	--	--	--	--
Nonfat dry milk							
Metric tons.....		--	--	--	--	--	--
Pounds.....		--	--	--	--	--	--
Market value.....	\$	100	--	--	--	--	--

Country and commodity	Amounts programed through December 31, 1961	Total Shipments January 1, 1955 December 31, 1961	Shipments by 6-month periods					
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	Jan.-June
Burma, continued								
Soybean oil								
Metric tons.....		.05	--	--	--	--	--	
Pounds.....		99	--	--	--	--	--	
Market value..... \$	16	16	--	--	--	--	--	
Dried fruit								
Metric tons.....		.11	--	--	--	--	--	
Pounds.....		253	--	--	--	--	--	
Market value..... \$	55	55	--	--	--	--	--	
Canned fruit								
Metric tons.....		.25	--	--	--	--	--	
Pounds.....		555	--	--	--	--	--	
Market value..... \$	89	89	--	--	--	--	--	
Total - Burma								
Metric tons.....		66.33	11.07	15.85	.55	.09	2.41	
Market value..... \$	37,979	37,879	7,332	6,518	462	265	1,643	
Ceylon								
Wheat flour								
Metric tons.....		138.37	35.86	--	19.19	30.89	21.04	
Pounds.....		305,070	79,053	--	42,310	68,090	46,372	
Market value..... \$	10,104	10,013	2,540	--	1,451	2,335	1,535	
Rice								
Metric tons.....		90.04	41.14	--	--	--	--	
Cvt.....		1,985	907	--	--	--	--	
Market value..... \$	11,719	11,719	5,160	--	--	--	--	
Total-Ceylon								
Metric tons.....		228.41	77.00	--	19.19	30.89	21.04	
Market value..... \$	21,823	21,732	7,700	--	1,451	2,335	1,535	
Chile								
Wheat								
Metric tons.....		461.42	--	--	32.55	--	188.54	
Bushels.....		16,754	--	--	1,196	--	6,928	
Market value..... \$	29,461	27,654	--	--	1,926	--	11,667	
Corn								
Metric tons.....		25.90	--	--	5.71	10.06	10.13	
Bushels.....		1,020	--	--	225	396	399	
Market value..... \$	1,400	1,211	--	--	278	449	484	

TITLE I, PUBLIC LAW 480, continued

All data in thousands

Country and commodity	Amounts programed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods					
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	
Chile - continue^a								
Cotton								
Metric tons.....		21.40	--	--	4.03	4.16	2.81	
Bales.....		8,726	--	--	16,68	17.38	11.92	
Market value..... \$	14,108	13,807	--	--	2,334	2,588	1,778	
Tobacco								
Metric tons.....		.64	--	--	.08	.27	.14	
Pounds.....		1,413	--	--	179	595	314	
Market value..... \$	1,950	1,326	--	--	179	597	300	
Cottonseed oil								
Metric tons.....		9.29	--	--	--	--	--	
Pounds.....		20,467	--	--	--	--	--	
Market value..... \$ 1/	18,499	3,358	--	--	--	--	--	
Soybean oil								
Metric tons.....		43.77	--	--	--	--	10.02	
Pounds.....		94,503	--	--	--	--	22,080	
Market value.....	(1)	15,208	--	--	--	--	3,467	
Seeds								
Metric tons.....		.44	--	--	--	--	--	
Cwt.....		10	--	--	--	--	--	
Market value..... \$	394	394	--	--	--	--	--	
Total - Chile								
Metric tons.....		562.86			42.37	14.49	211.64	
Market value..... \$	65,812	62,760			4,717	3,634	17,696	
China (Taiwan)								
Wheat								
Metric tons.....		685.04	124.17	87.55	145.86	76.54	128.66	
Pounds.....		25,170	4,563	3,217	5,359	2,812	4,727	
Market value..... \$	52,269	42,232	8,063	5,156	8,749	4,653	7,777	
Corn								
Metric tons.....		--	--	--	--	--	--	
Bushels.....		--	--	--	--	--	--	
Market value..... \$	250	--	--	--	--	--	--	
Cotton								
Metric tons.....		18.07	--	--	1.25	3.17	.84	
Pales.....		63.37	--	--	5.28	13.45	3.60	
Market value..... \$	18,265	7,570	--	--	659	1,641	505	

Country and commodity	Amounts programed through December 31, 1961	Total shipments January 1, 1955 December 31, 1961	Shipments by 6-month periods				
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.
China (Taiwan) continued							
Tobacco							
Metric tons.....		4.11	.54	.77	.11	.68	.20
Pounds.....		9,043	1,180	1,688	236	1,499	440
Market value..... \$	9,375	7,707	1,015	1,451	200	1,282	377
Meatfat dry milk							
Metric tons.....		.02	.02	--	--	--	--
Pounds.....		36	36	--	--	--	--
Market value..... \$	54	4	4	--	--	--	--
Dry modified milk							
Metric tons.....		.03	.03	--	--	--	--
Pounds.....		55	55	--	--	--	--
Market value..... \$	40	40	--	--	--	--	--
Condensed milk							
Metric tons.....		.86	--	--	--	--	--
Pounds.....		1,777	--	--	--	--	--
Market value..... \$	385	385	--	--	--	--	--
Dried whole milk							
Metric tons.....		.67	.02	--	--	--	--
Pounds.....		1,465	37	--	--	--	--
Market value..... \$	905	905	28	--	--	--	--
Evaporated milk							
Metric tons.....		.50	--	--	--	--	--
Pounds.....		1,096	--	--	--	--	--
Market value..... \$	171	171	--	--	--	--	--
Soybean oil							
Metric tons.....		8.54	2.20	.44	--	1.23	--
Pounds.....		18,865	4,850	969	--	2,712	--
Market value..... \$	2,994	2,333	.594	106	--	338	--
Tallow							
Metric tons.....		5.15	--	--	--	--	--
Pounds.....		11,361	--	--	--	--	--
Market value..... \$	1,920	970	--	--	--	--	--
Total - China (Taiwan)							
Metric tons.....		719.92	126.98	88.76	147.22	81.62	129.70
Pounds.....		62,315	2,744	6,713	2,608	7,314	8,622
Market value..... \$	86,628						
Colombia							
Wheat							
Metric tons.....		299.69	--	41.40	1.81	47.24	17.05
Bushels.....		11,010	--	1,521	66	1,736	686
Market value..... \$	30,281	20,275	--	2,794	119	3,153	1,175

Country and commodity	Amounts programed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods				
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	
Colombia, continued							
Wheat flour							
Metric tons.....		58.55	5.98	13.18	--	6.95	
Pounds.....		129,114	13,193	29,058	--	15,322	
Market value..... \$	6,134	5,074	542	1,220	--	535	
Corn							
Metric tons.....		41.09	--	--	--	23.60	
Bushels.....		1,617	--	--	--	929	
Market value..... \$	2,800	2,167	--	--	--	1,269	
Grain Sorghums							
Metric tons.....		10.48	--	--	--	.48	
Bushels.....		423	--	--	--	19	
Market value.....		481	--	--	--	21	
Cotton							
Metric tons.....		16.89	--	--	--	--	
Bales.....		71.35	--	--	--	--	
Market value..... \$	11,930	11,930	--	--	--	--	
Tobacco							
Metric tons.....		.84	--	.10	.16	.14	
Pounds.....		1,902	--	236	375	309	
Market value..... \$	1,582	1,582	--	200	256	229	
Anhydrous milk fat							
Metric tons.....		.09	--	--	--	--	
Pounds.....		204	--	--	--	--	
Market value..... \$	116	116	--	--	--	--	
Nonfat dry milk							
Metric tons.....		.65	--	--	.29	--	
Pounds.....		1,438	--	--	648	--	
Market value..... \$	763	742	--	--	59	--	
Cottonseed oil							
Metric tons.....		8.98	--	.24	.17	--	
Pounds.....		19,797	--	534	420	--	
Market value..... \$	7,460	3,451	--	67	50	--	
Soybean oil							
Metric tons.....		22.28	8.69	8.31	4.49	--	
Pounds.....		49,128	19,157	18,331	9,871	--	
Market value..... (1)		5,997	2,439	2,102	1,167	--	
Total - Colombia							
Metric tons.....		459.54	14.67	63.23	6.94	78.41	
Market value..... \$	62,466	51,237	3,001	6,385	1,653	5,207	

Country and commodity	Amounts programed through December 31, 1961	Total shipments, January 1, 1962, December 31, 1961	Shipments by 6-month periods					
			Fiscal Year 1960-61		Fiscal Year 1961-62		Fiscal Year 1961-62	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	
Cocoa								
Wheat								
Metric tons.....								
Bushels.....								
Market value..... \$	1,500							
Rice								
Metric tons.....								
Cwt.....								
Market value..... \$	2,000							
Nonfat dry milk								
Metric tons.....								
Pounds.....								
Market value..... \$	300							
Dry whole milk								
Metric tons.....								
Pounds.....								
Market value..... \$	1,300							
Evaporated milk								
Metric tons.....								
Pounds.....								
Market value..... \$	700							
Poultry								
Metric tons.....								
Pounds.....								
Market value..... \$	300							
Tobacco								
Metric tons.....								
Pounds.....								
Market value..... \$	700							
Total - Congo								
Metric tons.....								
Market value..... \$	6,800							
Ecuador								
Wheat								
Metric tons.....		42.94	7.05					
Bushels.....		1,577	259					
Market value..... \$	2,975	2,975	454					

Country and commodity	Amounts programmed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods				
			Fiscal Year 1960-61		Fiscal Year 1961-62		Fiscal Year 1961-62 July-Dec.
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	
Equador, continued							
Cotton							
Metric tons.....		1.71	--	--	.63	.49	
Bales.....		7.13	--	--	2.61	2.04	
Market value..... \$	1,129	1,081	--	--	366	286	
Tobacco							
Metric tons.....		.72	--	--	--	.53	
Pounds.....		1,586	--	--	--	1,167	
Market value..... \$	1,830	1,459	--	--	--	1,129	
Cottonseed oil							
Metric tons.....		8.61	--	--	.56	--	
Pounds.....		19,016	--	--	1,234	--	
Market value..... \$	1/ 4,478	3,112	--	--	166	--	
Soybean oil							
Metric tons.....		3.99	--	--	2.19	--	
Pounds.....		8,805	--	--	4,828	--	
Market value.....	(2)	1,125	--	--	518	--	
Tallow							
Metric tons.....		2.46	--	--	--	--	
Pounds.....		5,426	--	--	--	--	
Market value..... \$	552	552	--	--	--	--	
Total - Equador							
Metric tons.....		60.43	7.05	--	3.38	1.02	
Market value..... \$	10,266	10,306	656	--	1,050	1,415	
Zinland							
Wheat							
Metric tons.....		160.06	--	--	--	--	
Bushels.....		5,881	--	--	--	--	
Market value..... \$	10,503	10,503	--	--	--	--	
Corn							
Metric tons.....		37.04	--	--	--	--	
Bushels.....		1,458	--	--	--	--	
Market value..... \$	2,295	2,295	--	--	--	--	
Cotton							
Metric tons.....		16.07	1.83	.05	2.78	.18	
Bales.....		67.83	7.73	.20	11.80	.37	
Market value..... \$	11,953	10,875	1,046	28	1,619	422	

Country and commodity	Amounts programmed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods				Fiscal Year 1961-62 July-Dec.
			Fiscal Year 1959-60		Fiscal Year 1960-61		
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	
Finland, continued							
Tobacco							
Metric tons.....		11.64	1.80	.01	1.90	--	--
Pounds.....		25,684	3,976	16	4,186	--	--
Market value.....	\$ 14,391	14,142	2,239	10	2,391	--	--
Canned fruit							
Metric tons.....		.16	--	.14	.02	--	--
Pounds.....		349	--	306	43	--	--
Market value.....	\$ 63	49	--	40	9	--	--
Dried fruit							
Metric tons.....		6.63	--	.79	--	--	--
Pounds.....		14,608	--	1,731	--	--	--
Market value.....	\$ 2,338	2,338	--	250	--	--	--
Fresh fruit							
Metric tons.....		1.46	--	.26	.23	--	--
Pounds.....		3,223	--	583	501	--	--
Market value.....	\$ 235	225	--	65	25	--	--
Total - Finland							
Metric tons.....		233.06	3.63	1.25	4.93	.18	.81
Market value.....	\$ 41,778	40,427	3,285	393	4,044	102	422
France							
Tobacco							
Metric tons.....		8.16	.66	.01	.65	.87	.29
Pounds.....		17,978	1,457	17	1,442	1,918	609
Market value.....	\$ 12,548	11,761	1,250	14	1,067	1,421	461
Cotton							
Metric tons.....		39.01	--	--	--	--	--
Bales.....		163.07	--	--	--	--	--
Market value.....	\$ 23,010	23,010	--	--	--	--	--
Total - France							
Metric tons.....		47.17	.66	.01	.65	.87	.29
Market value.....	\$ 35,558	34,772	1,250	14	1,067	1,421	461
Germany							
Poultry							
Metric tons.....		2.07	--	--	--	--	--
Pounds.....		4,542	--	--	--	--	--
Market value.....	\$ 1,197	1,197	--	--	--	--	--

TITLE I, PUBLIC LAW 480, continued

All data in thousands

Country and commodity	Amounts programmed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods							
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62			
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	Jan.-June		
GRAINS										
Wheat										
Metric tons.....		507.79	--	--	15.90	24.35	16.16			
Bushels.....		18,656	--	--	584	895	594			
Market value.....\$	31,141	30,250	--	--	984	1,480	1,027			
Barley										
Metric tons.....		150.71	6.58	14.66	24.58	25.22	30.46			
Bushels.....		6,921	302	679	1,129	1,158	1,399			
Market value.....\$	7,632	7,523	314	768	1,172	1,146	1,706			
Corn										
Metric tons.....		373.89	2.68	47.41	29.63	68.11	54.02			
Bushels.....		14,718	105	1,856	1,166	2,681	2,048			
Market value.....\$	21,590	19,108	136	2,480	1,549	3,070	2,400			
Grain Sorghums										
Metric tons.....		6.53	--	2.13	--	4.40	--			
Bushels.....		257	--	84	--	173	--			
Market value.....\$	297	261	--	99	--	186	--			
Oats										
Metric tons.....		48.87	--	--	--	--	--			
Bushels.....		3,367	--	--	--	--	--			
Market value.....\$	2,281	2,281	--	--	--	--	--			
Cheese										
Metric tons.....		.96	--	--	--	--	--			
Pounds.....		2,104	--	--	--	--	--			
Market value.....\$	560	560	--	--	--	--	--			
Evaporated milk										
Metric tons.....		10.40	--	.63	--	--	--			
Pounds.....		22,900	--	1,391	--	--	--			
Market value.....\$	2,895	2,895	--	165	--	--	--			
Nonfat dry milk										
Metric tons.....		4.39	--	--	--	--	--			
Pounds.....		9,686	--	--	--	--	--			
Market value.....\$	872	872	--	--	--	--	--			
Whey										
Metric tons.....		.91	--	--	--	--	--			
Pounds.....		2,031	--	--	--	--	--			
Market value.....\$	130	130	--	--	--	--	--			

Country and commodity	Amounts programed through December 31, 1961	Total shipments January 1, 1961 December 31, 1961	Shipments by 6-month periods					
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	Jan.-June
Greece, continued								
Soybean oil								
Metric tons.....		57.43	--	--	4.95	9.93	5.66	
Pounds.....		126,632	--	--	10,926	21,892	12,478	
Market value.....	\$ 2/	19,821	--	--	1,357	2,720	1,783	
Lard								
Metric tons.....		.01	--	--	--	--	--	
Pounds.....		11	--	--	--	--	--	
Market value.....	(2)	2	--	--	--	--	--	
Total - Greece								
Metric tons.....		1,111.57	9.99	64.20	75.06	132.01	104.30	
Market value.....	\$	27,219	33,385	115	3,343	5,062	8,602	
Market value.....								
Market value.....								
Iceland								
Wheat								
Metric tons.....		2.72	.33	.21	.35	.33	.21	
Bushels.....		101	12	8	13	12	8	
Market value.....	\$ 3/	3,002	194	21	29	25	15	
Wheat flour								
Metric tons.....		27.59	3.44	2.07	3.52	1.64	3.73	
Pounds.....		60,796	7,585	4,557	7,752	3,616	8,219	
Market value.....	(3)	2,467	338	176	266	123	276	
Barley								
Metric tons.....		17.68	1.77	.50	1.54	.87	.86	
Bushels.....		813	86	23	71	40	40	
Market value.....	0	1,174	1,139	126	33	101	55	
Corn								
Metric tons.....		26.42	2.33	.73	2.46	2.53	4.58	
Bushels.....		1,040	93	29	97	100	180	
Market value.....	0	1,830	1,730	179	69	221	181	
Rice								
Metric tons.....		1.11	.12	.15	.10	.12	.14	
Cwt.....		25	3	3	2	3	3	
Market value.....	\$	208	155	16	18	11	13	
Cotton (Finland)								
Metric tons.....		1.31	--	.72	--	--	--	
Bales.....		5.53	--	3.01	--	--	--	
Market value.....	\$	822	820	--	308	--	--	

Country and commodity	Amounts prorated through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods				
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.
Iceland, continued							
Tobacco							
Metric tons.....		1.23	.12	.14	.15	.16	.20
Pounds.....		2,712	254	311	323	353	444
Market value..... \$	2,155	2,155	220	215	220	228	339
Cottonseed oil							
Metric tons.....		.08	—	—	—	—	—
Pounds.....		183	—	—	—	—	—
Market value..... \$ 1/	423	32	—	—	—	—	—
Soybean oil							
Metric tons.....		1.13	.23	—	.15	.15	.30
Pounds.....		2,545	508	—	329	331	673
Market value..... (1)		368	76	—	40	39	98
Linseed oil							
Metric tons.....		.21	—	—	—	—	—
Pounds.....		465	—	—	—	—	—
Market value..... \$	75	75	—	—	—	—	—
Canned fruits & juices							
Metric tons.....		.97	.17	.03	—	.04	.04
Pounds.....		2,146	377	72	—	88	90
Market value..... \$	351	351	63	10	—	44	31
Dried fruit							
Metric tons.....		.80	—	.24	.10	.06	—
Pounds.....		1,630	—	539	215	137	—
Market value..... \$	277	274	—	68	35	15	—
Fresh fruit							
Metric tons.....		3.76	.21	.30	.02	.05	.44
Pounds.....		8,304	458	665	38	110	971
Market value..... \$	851	772	68	88	5	10	50
Total - Iceland							
Metric tons.....		85.03	8.87	5.09	4.39	5.95	10.50
Market value..... \$	11,190	10,624	1,107	1,084	928	713	1,052
India							
Wheat							
Metric tons.....		13,989.14	919.89	2,237.56	2,106.77	1,013.12	759.87
Bushels.....		514,012	33,798	82,216	77,411	37,228	27,522
Market value..... \$	1,630,607	842,528	54,690	132,642	126,382	60,978	46,723

Country and commodity	Amounts programed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods					
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	
India, continued								
Corn								
Metric tons.....		391.62	33.69	55.86	44.54	53.29	62.60	
Bushels.....		15,417	1,327	2,199	1,753	2,098	2,464	
Market value.....\$	20,408	19,761	1,702	2,865	2,217	2,654	3,118	
Grain sorghums								
Metric tons.....		139.64	--	--	42.29	--	--	
Bushels.....		5,438	--	--	1,665	--	--	
Market value.....\$	8,300	5,801	--	--	1,801	--	--	
Rice								
Metric tons.....		690.73	--	171.36	155.66	116.78	50.12	
Cwt.....		15,227	--	3,776	3,432	2,575	1,105	
Market value.....\$	165,321	83,672	--	10,568	17,899	13,516	6,296	
Cotton								
Metric tons.....		266.14	1.51	71.07	66.35	46.84	22.52	
Bales.....		1,115.22	6.22	295.20	275.21	199.89	94.16	
Market value.....\$	157,353	152,345	1,018	37,891	33,118	26,908	13,182	
Tobacco								
Metric tons.....		4.01	--	.26	--	.99	--	
Pounds.....		8,830	--	573	--	2,183	--	
Market value.....\$	8,388	8,383	--	483	--	2,000	--	
Nonfat dry milk								
Metric tons.....		20.73	--	--	--	--	--	
Pounds.....		45,731	--	--	--	--	--	
Market value.....\$	3,409	3,409	--	--	--	--	--	
Soybean oil								
Metric tons.....		3.03	--	--	--	3.03	--	
Pounds.....		6,680	--	--	--	6,680	--	
Market value.....\$	1,000	828	--	--	--	828	--	
Total - India								
Metric tons.....		15,505.04	955.09	2,536.11	2,415.61	1,234.05	895.11	
Market value.....\$	1,074,786	1,116,728	57,610	191,449	171,417	106,874	69,319	
Indonesia								
Wheat flour								
Metric tons.....		132.66	7.04	60.96	--	--	2.67	
Pounds.....		292,461	15,530	134,377	--	--	5,880	
Market value.....\$	14,579	10,371	643	4,353	--	--	194	
Rice								
Metric tons.....		592.14	97.19	51.50	27.03	94.38	14.66	
Cwt.....		13,055	2,143	1,135	596	2,081	319	
Market value.....\$	82,442	72,519	11,444	6,061	2,642	9,406	1,677	

Country and commodity	Amounts programmed through December 31, 1961	Total shipments January 1, 1955 December 31, 1961	Shipments by 6-month periods					
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	Jan.-June
Indonesia, continued								
Cotton.....	\$ 58,062							
Metric tons.....		24.00	3.32	5.25	5.96	--	--	
Sales.....		98.97	13.62	23.01	26.00	--	--	
Market value.....		13,761	1,722	2,946	3,536	+	--	
(United Kingdom)								
Metric tons.....		4.86	--	--	--	--	--	
Sales.....		20.24	--	--	--	--	--	
Market value.....		2,842	--	--	--	--	--	
(Germany)								
Metric tons.....		.73	--	--	--	--	--	
Sales.....		3.04	--	--	--	--	--	
Market value.....		436	--	--	--	--	--	
(Belgium)								
Metric tons.....		1.09	--	--	--	--	--	
Sales.....		3.08	--	--	--	--	--	
Market value.....		434	--	--	--	--	--	
(Hong Kong)								
Metric tons.....		18.73	--	1.01	3.04	1.77	.06	
Sales.....		77.15	--	4.27	12.82	7.40	.24	
Market value.....		8,779	--	534	1,602	925	29	
(Japan)								
Metric tons.....		48.39	--	8.12	13.39	.36	3.76	
Sales.....		204.34	--	33.90	55.05	5.22	15.54	
Market value.....		28,582	--	4,239	6,059	1,908	2,198	
(Singapore)								
Metric tons.....		2.52	--	1.47	.17	.38	.50	
Sales.....		10.49	--	6.07	73	1.59	2.10	
Market value.....		1,237	--	759	91	93	294	
(India)								
Metric tons.....		2.13	--	--	--	--	2.13	
Sales.....		8.95	--	--	--	--	8.95	
Market value.....		1,119	--	--	--	--	1,119	
(Yugoslavia)								
Metric tons.....		1.57	--	--	--	--	1.57	
Sales.....		6.64	--	--	--	--	6.64	
Market value.....		930	--	--	--	--	930	

Country and commodity	Amounts programed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods					
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	Jan.-June
Indonesia, continued								
Tobacco								
Metric tons.....		12.46	.11	--	--	1.10	.33	
Pounds.....		27,479	238	--	--	2,425	735	
Market value..... \$	17,461	16,509	171	--	--	1,703	521	
Total - Indonesia								
Metric tons.....		841.28	107.66	128.31	49.59	97.99	25.48	
Market value..... \$	172,564	157,319	13,280	18,892	13,930	14,034	6,962	
Iran								
Wheat								
Metric tons.....		497.69	--	--	104.02	199.39	50.13	
Bushels.....		18,286	--	--	3,822	7,326	1,842	
Market value..... \$	25,866	25,866	--	--	6,375	7,280	3,067	
Butter oil								
Metric tons.....		.74	--	--	--	--	--	
Pounds.....		1,630	--	--	--	--	--	
Market value..... \$	826	826	--	--	--	--	--	
Cottonseed oil								
Metric tons.....		3.00	--	--	--	2.44	.56	
Pounds.....		6,618	--	--	--	5,379	1,239	
Market value..... \$ 1/	1,395	893	--	--	--	682	211	
Soybean oil								
Metric tons.....		1.00	--	--	--	.81	.19	
Pounds.....		2,209	--	--	--	1,786	413	
Market value..... \$	(1)	227	--	--	--	227	70	
Total - Iran								
Metric tons.....		502.43	--	--	104.02	202.64	50.88	
Market value..... \$	28,087	27,882	--	--	6,375	8,137	3,348	
Israel								
Wheat								
Metric tons.....		931.85	68.23	76.86	103.31	--	117.36	
Bushels.....		34,242	2,507	2,824	3,796	--	4,312	
Market value..... \$	57,900	57,690	4,232	4,747	6,371	--	7,189	
Barley								
Metric tons.....		146.33	13.48	28.59	24.24	--	--	
Bushels.....		6,720	619	1,313	1,114	--	--	
Market value..... \$ 4/	62,668	7,043	616	1,415	1,188	--	--	

Country and commodity	Amounts programmed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods				
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.
ISMA, continued							
Corn							
Metric tons.....		423.77	36.44	67.78	56.00	14.67	82.18
Bushels.....		16,686	1,435	2,666	2,204	578	3,227
Market value.....	(4)	21,448	1,948	3,415	2,898	695	3,981
Grain Sorghums							
Metric tons.....		818.44	105.12	83.27	88.65	11.18	70.74
Bushels.....		32,298	4,139	3,278	3,490	440	2,862
Market value.....	(4)	33,615	4,487	3,258	3,772	447	2,862
Rice							
Metric tons.....		17.27	--	3.96	3.06	1.86	3.92
Cwt.....		384	--	87	68	41	89
Market value.....	\$ 2,014	1,988	--	403	351	226	464
Cotton							
Metric tons.....		7.90	--	.77	1.07	.18	--
Bales.....		33.00	--	3.25	4.52	.75	--
Market value.....	\$ 5,543	5,460	--	407	607	113	--
Tobacco							
Metric tons.....		.67	--	--	.13	--	.03
Pounds.....		1,434	--	--	284	--	70
Market value.....	\$ 1127	998	--	--	200	--	63
Butter							
Metric tons.....		11.19	--	--	--	--	--
Pounds.....		24,679	--	--	--	--	--
Market value.....	\$ 9,646	9,646	--	--	--	--	--
Cheese							
Metric tons.....		4.73	--	--	--	--	--
Pounds.....		10,426	--	--	--	--	--
Market value.....	\$ 2,400	2,400	--	--	--	--	--
Dried whole milk							
Metric tons.....		.21	--	--	--	--	--
Pounds.....		472	--	--	--	--	--
Market value.....	200	200	--	--	--	--	--
Nonfat dry milk							
Metric tons.....		25.36	1.95	--	--	.52	4.42
Pounds.....		55,899	4,302	--	--	1,146	9,747
Market value.....	\$ 4,614	4,614	319	--	--	70	630

Country and commodity	Amounts programmed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods				
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	
Israel, continued							
Cottonseed oil							
Metric tons.....		23.62	.90	5.38	.15	.50	1.30
Pounds.....		52,130	1,990	11,871	333	1,102	2,869
Market value.....	1/	17,770	228	1,651	44	165	402
Soybean oil							
Metric tons.....		28.07	--	3.49	8.19	1.67	10.24
Pounds.....		61,899	--	7,705	18,056	3,682	22,584
Market value.....	(1)	7,761	--	704	1,833	554	3,148
Tallow							
Metric tons.....		2.35	--	--	--	--	--
Pounds.....		5,176	--	--	--	--	--
Market value.....	\$	500	--	--	--	--	--
Beef							
Metric tons.....		11.23	--	--	--	--	--
Pounds.....		24,758	--	--	--	--	--
Market value.....	\$	9,999	--	--	--	--	--
Prunes							
Metric tons.....		.32	--	--	--	--	--
Pounds.....		709	--	--	--	--	--
Market value.....	\$	100	--	--	--	--	--
Dry edible beans							
Metric tons.....		3.81	--	--	--	--	--
Cwt.....		83	--	--	--	--	--
Market value.....	\$	606	--	--	--	--	--
Total - Israel							
Metric tons.....		2,547.12	226.12	270.03	284.80	30.58	290.19
Market value.....	\$	125,087	17,830	16,003	17,264	2,270	16,729
Israel							
Wheat							
Metric tons.....		24.39	--	--	--	--	--
Bushels.....		896	--	--	--	--	--
Market value.....	\$	1,497	--	--	--	--	--
Corn							
Metric tons.....		94.05	7.75	--	--	--	--
Bushels.....		3,703	305	--	--	--	--
Market value.....	\$	4,863	396	--	--	--	--
Cotton							
Metric tons.....		121.96	--	--	--	--	--
Bales.....		507.99	--	--	--	--	--
Market value.....	\$	76,925	--	--	--	--	--

Country and commodity	Amounts programmed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods				
			Fiscal Year 1955-56		Fiscal Year 1960-61		Fiscal Year 1961-62
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.
Italy, continued							
Tobacco							
Metric tons.....		11.75		1.41			
Pounds.....		25,876	1,052	3,082			
Market value..... \$	20,378	20,378	864	2,497			
Cottonseed oil							
Metric tons.....		6.10					
Pounds.....		13,439					
Market value..... \$ 1/	36,383	2,403					
Soybean oil							
Metric tons.....		109.07					
Pounds.....		240,453					
Market value.....	(1)	37,980					
Poultry							
Metric tons.....		.01					
Pounds.....		37					
Market value..... \$	11	11					
Total - Italy							
Metric tons.....		367.33	8.23	1.41			
Market value..... \$	140,057	140,057	1,260	2,497			
JAPAN							
Wheat							
Metric tons.....		843.08					
Bushels.....		30,978					
Market value..... \$	47,826	47,826					
Barley							
Metric tons.....		156.42					
Bushels.....		7,185					
Market value..... \$	7,967	7,967					
Corn							
Metric tons.....		99.30					
Bushels.....		3,909					
Market value..... \$	5,411	5,411					
Rice							
Metric tons.....		97.16					
Cwt.....		2,142					
Market value..... \$	13,750	13,750					
Cotton							
Metric tons.....		75.49					
Bales.....		319,422					
Market value..... \$	52,471	52,471					

Country and commodity	Amounts programmed through December 31, 1961	Total shipments January 1, 1955 December 31, 1961	Shipments by 6-month periods				
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.
JAPAN, continued							
Timber							
Metric tons.....		4.44	--	--	--	--	--
Pounds.....		9,791	--	--	--	--	--
Market value.....	\$ 7,639	7,639	--	--	--	--	--
Total - Japan							
Metric tons.....		1,275.89	--	--	--	--	--
Market value.....	\$ 135,064	135,064	--	--	--	--	--
Korea							
Wheat							
Metric tons.....		1191.28	77.90	192.13	128.45	140.43	102.53
Bushels.....		43,772	2,862	7,060	4,719	5,160	3,767
Market value.....	\$ 73,753	72,907	4,620	11,408	7,704	8,448	6,158
Bulgur							
Metric tons.....		4.89	--	--	--	--	--
Pounds.....		10,780	--	--	--	--	--
Market value.....	\$ 350	350	--	--	--	--	--
Barley							
Metric tons.....		613.89	--	--	--	46.49	--
Bushels.....		28,195	--	--	--	2,135	--
Market value.....	\$ 29,598	29,556	--	--	--	1,959	--
Corn							
Metric tons.....		33.90	--	9.14	--	1.05	4.20
Bushels.....		1,334	--	360	--	41	165
Market value.....	\$ 2,129	1,872	--	498	--	49	194
Grain sorghum							
Metric tons.....		44.41	--	--	--	--	--
Bushels.....		1,749	--	--	--	--	--
Market value.....	\$ 2,002	2,002	--	--	--	--	--
Rice							
Metric tons.....		137.43	--	--	--	--	--
Cwt.....		3,090	--	--	--	--	--
Market value.....	\$ 24,262	24,262	--	--	--	--	--
Cotton							
Metric tons.....		81.42	16.37	--	--	16.41	34.16
Bales.....		342.79	69.63	--	--	69.71	143.84
Market value.....	\$ 47,213	46,355	7,372	--	--	9,438	19,721

Country and commodity	Amounts programed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month period				
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.
Korea, continued							
Tobacco							
Metric tons.....		3.85	--	--	--	--	--
Pounds.....		8,486	--	--	--	--	--
Market value..... \$	6,600	6,600	--	--	--	--	--
Cheese							
Metric tons.....		.44	--	--	--	--	--
Pounds.....		978	--	--	--	--	--
Market value..... \$	253	253	--	--	--	--	--
Dried whole milk							
Metric tons.....		.11	--	--	--	--	--
Pounds.....		232	--	--	--	--	--
Market value..... \$	95	95	--	--	--	--	--
Cottonseed oil							
Metric tons.....		2.37	--	--	2.37	--	--
Pounds.....		5,224	--	--	5,224	--	--
Market value..... \$	750	649	--	--	649	--	--
Lard							
Metric tons.....		1.24	--	--	--	--	--
Pounds.....		2,741	--	--	--	--	--
Market value..... \$	456	456	--	--	--	--	--
Pork products							
Metric tons.....		6.83	--	--	--	--	--
Pounds.....		15,041	--	--	--	--	--
Market value..... \$	7,962	7,962	--	--	--	--	--
Total - Korea							
Metric tons.....		2,122.06	94.27	201.27	130.82	204.38	140.89
Market value..... \$	191,423	191,319	11,292	11,206	8,323	19,834	26,071
Mexico							
Corn							
Metric tons.....		482.54	--	--	--	--	--
Bushels.....		18,995	--	--	--	--	--
Market value..... \$	24,644	24,644	--	--	--	--	--
Netherlands							
Cotton							
Metric tons.....		.42	--	--	--	--	--
Bales.....		1,778	--	--	--	--	--
Market value..... \$	247	247	--	--	--	--	--

Country and commodity	Amounts programmed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods					
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	
Pakistan								
Wheat								
Metric tons.....		4,047.80	181.68	748.05	481.19	627.76	462.66	
Bushels.....		148,730	6,675	27,486	17,681	23,066	17,000	
Market value.....	\$ 3/ 572,042	22,218 1/2	10,885	43,922	28,034	37,498	27,996	
Wheat flour								
Metric tons.....		33.27	2.48	3.55	9.11	6.20	6.59	
Pounds.....	(3)	73,345	5,468	7,826	20,091	13,669	14,533	
Market value.....		2,144	160	246	541	404	404	
Bulgur								
Metric tons.....		1.00	--	--	--	1.00	--	
Pounds.....	(3)	2,215	--	--	--	2,215	--	
Market value.....		83	--	--	--	83	--	
Corn								
Metric tons.....		--	--	--	--	--	--	
Bushels.....		--	--	--	--	--	--	
Market value.....	\$ 23,600	--	--	--	--	--	--	
Rice								
Metric tons.....		609.28	16.01	3.35	82.17	48.53	--	
Cwt.....		13,434	353	74	1,812	1,070	--	
Market value.....	\$ 78,485	78,485	1,866	361	8,533	4,668	--	
Cotton (Hong Kong)								
Metric tons.....		.08	--	--	--	--	--	
Bales.....		.33	--	--	--	--	--	
Market value.....	\$ 50,949	67	--	--	--	--	--	
(United Kingdom)								
Metric tons.....		10.99	--	--	--	--	--	
Bales.....		45.89	--	--	--	--	--	
Market value.....		6,456	--	--	--	--	--	
(West Germany)								
Metric tons.....		1.75	--	--	--	--	--	
Bales.....		7.46	--	--	--	--	--	
Market value.....		1,365	--	--	--	--	--	
(Lebanon)								
Metric tons.....		.95	--	--	--	--	--	
Bales.....		4.03	--	--	--	--	--	
Market value.....		741	--	--	--	--	--	

TITLE I, PUBLIC LAW 480, continued

All data in thousands

Country and commodity	Amounts progressed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods					
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	Jan.-June
Pakistan, continued								
(Italy)								
Cotton								
Metric tons.....		1.63	--	--	--	--	--	
Bales.....		6.64	--	--	--	--	--	
Market value.....		1,174	--	--	--	--	--	
(Belgium)								
Metric tons.....		.37	--	--	--	--	--	
Bales.....		1.49	--	--	--	--	--	
Market value.....		261	--	--	--	--	--	
(Japan)								
Metric tons.....		11.31	--	--	--	--	--	
Bales.....		47.19	--	--	--	--	--	
Market value.....		8,701	--	--	--	--	--	
(France)								
Metric tons.....		.56	--	--	--	--	--	
Bales.....		2.28	--	--	--	--	--	
Market value.....		409	--	--	--	--	--	
(Netherlands)								
Metric tons.....		.99	--	--	--	--	--	
Bales.....		4.24	--	--	--	--	--	
Market value.....		763	--	--	--	--	--	
(Switzerland)								
Metric tons.....		1.34	--	--	--	--	--	
Bales.....		5.62	--	--	--	--	--	
Market value.....		991	--	--	--	--	--	
(Pakistan)								
Metric tons.....		14.55	1.48	--	1.22	.13	.85	
Bales.....		61.55	6.31	--	5.16	.51	3.58	
Market value..... \$		12,032	1,434	--	1,504	72	1,075	
Tobacco								
Metric tons.....		4.13	--	--	.50	.28	.74	
Pounds.....		9,135	--	--	1,108	617	1,634	
Market value..... \$	17,758	7,792	--	--	997	583	1,454	
Dried eggs								
Metric tons.....		--	--	--	--	--	--	
Pounds.....		--	--	--	--	--	--	
Market value..... \$	600	--	--	--	--	--	--	

Country and commodity	Amounts programmed through December 31, 1961	Total shipments January 1, 1955 December 31, 1961	Shipments by 6-month periods				
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.
Pakistan, continued							
Wheat							
Metric tons.....		3.83	--	--	--	--	
Pounds.....		8,440	--	--	--	--	
Market value..... \$	4,580	4,580	--	--	--	--	
Nonfat dry milk							
Metric tons.....		2.79	.52	--	1.98	--	
Pounds.....		6,158	1,148	--	4,373	--	
Market value..... \$	2,438	663	129	--	440	--	
Cottonseed oil							
Metric tons.....		52.33	4.28	6.74	8.92	9.84	
Pounds.....		115,396	9,442	14,861	19,671	21,693	
Market value..... \$	159,167	15,854	1,411	1,698	2,469	2,830	
Soybean oil							
Metric tons.....		45.50	.80	--	12.68	12.49	
Pounds.....		100,320	1,770	--	27,955	27,536	
Market value.....	(1)	13,099	248	--	3,508	3,592	
Linseed oil							
Metric tons.....		1.42	--	--	--	--	
Pounds.....		3,128	--	--	--	--	
Market value..... \$	438	438	--	--	--	--	
Tallow							
Metric tons.....		1.14	--	--	--	--	
Pounds.....		2,525	--	--	--	--	
Market value..... \$	16,239	239	--	--	--	--	
Poultry							
Metric tons.....		--	--	--	--	--	
Pounds.....		--	--	--	--	--	
Market value..... \$	400	--	--	--	--	--	
Total - Pakistan							
Metric tons.....		4,847.01	207.25	761.69	597.77	706.23	
Pounds.....		358,523	16,133	46,227	46,026	62,730	
Market value..... \$	926,696					484,111	
Paraguay							
Wheat							
Metric tons.....		105.25	--	--	--	86.03	
Bushels.....		3,867	--	--	--	3,161	
Market value..... \$	6,640	6,640	--	--	--	5,400	
Wheat flour							
Metric tons.....		5.73	--	--	--	--	
Pounds.....		12,636	--	--	--	--	
Market value..... \$	428	428	--	--	--	--	

Country and commodity	Exports processed through December 31, 1961	Total shipments January 1, 1961- December 31, 1961	Shipments by 6-month periods				
			Fiscal Year 1959-60		Fiscal Year 1960-61		
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	
				July-Dec.			
Paraguay							
Dried whole milk							
Metric tons.....		.41	--	--	--	--	--
Pounds.....		917	--	--	--	--	--
Market value..... \$	420	420	--	--	--	--	--
Cottonseed oil							
Metric tons.....		.93	--	--	--	--	--
Pounds.....		2,068	--	--	--	--	--
Market value..... \$	315	315	--	--	--	--	--
Lard							
Metric tons.....		.67	--	--	--	--	--
Pounds.....		1,473	--	--	--	--	--
Market value..... \$	195	195	--	--	--	--	--
Total - Paraguay							
Metric tons.....		112.99	--	--	--	--	86.03
Market value..... \$	7,998	7,998	--	--	--	--	5,400
Peru							
Wheat							
Metric tons.....		304.93	--	26.82	14.57	--	30.94
Bushels.....		11,205	--	986	535	--	1,137
Market value..... \$	22,610	19,238	--	1,690	918	--	1,903
Rice							
Metric tons.....		51.54	--	21.98	--	--	--
Cwt.....		1,137	--	485	--	--	--
Market value..... \$	6,569	6,569	--	2,194	--	--	--
Anhydrous milk fat							
Metric tons.....		.03	--	--	--	--	--
Pounds.....		75	--	--	--	--	--
Market value..... \$	43	43	--	--	--	--	--
Nonfat dry milk							
Metric tons.....		.25	--	--	--	--	--
Pounds.....		544	--	--	--	--	--
Market value..... \$	56	56	--	--	--	--	--
Butter							
Metric tons.....		.07	--	--	--	--	--
Pounds.....		154	--	--	--	--	--
Market value..... \$	59	59	--	--	--	--	--

Country and commodity	Amounts programed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods			
			Fiscal Year 1959-60		Fiscal Year 1960-61	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June
PARU, continued						
Cottonseed oil						
Metric tons.....		3.61	--	--	--	
Pounds.....		7,964	--	--	--	
Market value.....	\$ 1/ 1,849	1,044	--	--	--	
Soybean oil						
Metric tons.....		3.84	--	3.84	--	
Pounds.....		8,457	--	8,457	--	
Market value.....	0 (1)	846	--	846	--	
Total - Paru						
Metric tons.....		364.27	--	52.64	14.57	
Market value.....	0 31,136	27,835	--	6,733	918	
Philippines						
Rice						
Metric tons.....		42.11	--	--	--	
Cvt.....		928	--	--	--	
Market value.....	0 5,745	5,748	--	--	--	
Cotton						
Metric tons.....		11.44	--	--	4.34	
Sales.....		47.51	--	--	18.17	
Market value.....	0 25,775	7,410	--	--	2,635	
Cheese						
Metric tons.....		.18	--	--	--	
Pounds.....		388	--	--	--	
Market value.....	0 121	121	--	--	--	
Nonfat dry milk						
Metric tons.....		6.82	--	--	--	
Pounds.....		15,056	--	--	--	
Market value.....	0 1,579	1,579	--	--	--	
Tallow						
Metric tons.....		2.12	--	--	--	
Pounds.....		4,663	--	--	--	
Market value.....	0 432	432	--	--	--	
Dry edible beans						
Metric tons.....		.09	--	--	--	
Cvt.....		2	--	--	--	
Market value.....	0 17	17	--	--	--	
Total - Philippines						
Metric tons.....		62.76	--	--	4.34	
Market value.....	0 33,692	15,307	--	--	1,907	

Country and commodity	Accounts programed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods				
			Fiscal Year 1955-56		Fiscal Year 1960-61		Fiscal Year 1961-62
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.
Poland							
Wheat							
Metric tons.....		2,595.08	238.56	455.79	820.89	373.97	--
Bushels.....		95,354	8,766	16,747	30,163	13,741	--
Market value..... \$	180,065	154,663	14,100	26,945	48,496	22,738	--
Barley							
Metric tons.....		816.20	229.62	115.72	198.91	66.28	--
Bushels.....		37,487	10,219	5,315	9,136	3,044	--
Market value..... \$	44,946	39,246	10,684	5,969	9,430	3,142	--
Corn							
Metric tons.....		143.53	17.04	27.02	50.20	--	--
Bushels.....		5,651	671	1,064	1,976	--	--
Market value..... \$	7,213	7,213	845	1,340	2,428	--	--
Grain sorghums							
Metric tons.....		179.24	24.14	27.00	87.20	20.78	--
Bushels.....		7,056	950	1,063	3,433	818	--
Market value..... \$	7,548	7,447	1,040	1,207	3,534	866	--
Rye							
Metric tons.....		120.34	--	--	--	--	--
Bushels.....		4,737	--	--	--	--	--
Market value..... \$	5,878	5,878	--	--	--	--	--
Cotton							
Metric tons.....		158.25	15.80	2.12	31.97	22.23	--
Bales.....		658.69	65.34	8.85	133.19	92.62	--
Market value..... \$	94,057	94,057	8,572	1,142	18,075	12,374	--
Tobacco							
Metric tons.....		.87	--	--	.72	.15	--
Pounds.....		1,916	--	--	1,585	331	--
Market value..... \$	1,499	1,434	--	--	1,189	245	--
Nonfat dry milk							
Metric tons.....		18.31	4.93	--	5.31	3.11	--
Pounds.....		40,377	10,877	--	11,699	6,856	--
Market value..... \$	3,238	3,238	789	--	941	552	--
Cottonseed oil							
Metric tons.....		.99	--	--	--	--	--
Pounds.....		2,185	--	--	--	--	--
Market value..... \$	29,054	364	--	--	--	--	--

Country and commodity	Amounts programed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods					
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	
Poland, continued								
Soybean oil								
Metric tons.....		82.96	15.41	6.15	19.41	11.42	--	
Pounds.....		182,915	33,974	13,563	42,794	25,177	--	
Market value.....	(1)	20,690	3,538	1,351	4,502	2,950	--	
Tallow								
Metric tons.....		16.95	--	--	--	--	--	
Pounds.....		37,371	--	--	--	--	--	
Market value.....	\$	4,961	3,161	--	--	--	--	
Total - Poland		4,132.72	544.90	533.80	1,214.61	497.94	--	
Metric tons.....	\$	378,459	337,391	39,568	37,950	98,575	42,867	
Market value.....								
Portugal								
Wheat								
Metric tons.....		105.57	--	--	--	--	--	
Bushels.....		3,897	--	--	--	--	--	
Market value.....	\$	6,282	6,282	--	--	--	--	
Spain								
Wheat								
Metric tons.....		281.04	--	--	--	--	210.34	
Bushels.....		10,326	--	--	--	--	7,728	
Market value.....	\$	18,844	17,224	--	--	--	12,780	
Barley								
Metric tons.....		389.77	64.00	--	49.89	20.62	85.44	
Bushels.....		17,901	2,939	--	2,291	947	3,924	
Market value.....	\$	19,595	15,885	3,051	2,881	1,191	3,718	
Corn								
Metric tons.....		361.51	40.02	--	44.99	4.72	69.04	
Bushels.....		14,232	1,575	--	1,771	186	2,718	
Market value.....	\$	19,685	19,001	1,946	2,351	228	3,337	
Grain Sorghum								
Metric tons.....		31.43	--	--	--	--	--	
Bushels.....		12.38	--	--	--	--	--	
Market value.....	\$	1,318	1,318	--	--	--	--	
Cotton								
Metric tons.....		136.54	--	--	38.98	--	36.46	
Bales.....		768.80	--	--	163.56	--	152.29	
Market value.....	\$	119,507	119,300	--	22,408	--	22,386	

Country and commodity	Amounts programed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods						
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62		
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.		
Spain, continued									
Cotton linters									
Metric tons.....		1.90	--	--	--	--	--	--	--
Bales.....		7.10	--	--	--	--	--	--	--
Market value..... \$	256	256	--	--	--	--	--	--	--
Tobacco									
Metric tons.....		14.89	3.25	--	.32	1.86	.64		
Pounds.....		32,826	6,940	--	717	4,101	1,416		
Market value..... \$	24,856	24,830	5,530	--	696	2,873	1,005		
Dairy products									
Metric tons.....		--	--	--	--	--	--	--	--
Pounds.....		--	--	--	--	--	--	--	--
Market value..... \$	1,500	--	--	--	--	--	--	--	--
Cottonseed oil									
Metric tons.....		45.00	--	--	--	--	--	--	--
Pounds.....		99,191	--	--	--	--	--	--	--
Market value..... \$ 1/	241,840	18,308	--	--	--	--	--	--	--
Soybean oil									
Metric tons.....		760.19	62.02	88.29	107.36	9.05	--	--	--
Pounds.....		1,679,942	136,720	194,647	236,690	19,952	--	--	--
Market value..... (1)		222,832	75,131	18,545	24,965	2,045	--	--	--
Linseed oil									
Metric tons.....		1.77	--	--	--	--	--	--	--
Pounds.....		3,898	--	--	--	--	--	--	--
Market value..... \$	599	599	--	--	--	--	--	--	--
Tallow									
Metric tons.....		23.73	--	--	--	--	--	--	--
Pounds.....		52,332	--	--	--	--	--	--	--
Market value..... \$	4,793	4,793	--	--	--	--	--	--	--
Beef									
Metric tons.....		26.42	--	--	--	--	--	--	--
Pounds.....		53,837	--	--	--	--	--	--	--
Market value..... \$	13,683	13,683	--	--	--	--	--	--	--
Pork products									
Metric tons.....		2.24	--	--	--	--	--	--	--
Pounds.....		4,950	--	--	--	--	--	--	--
Market value..... \$	1,991	1,991	--	--	--	--	--	--	--

Country and commodity	Amounts programed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods				
			Fiscal Year 1955-56		Fiscal Year 1960-61		Fiscal Year 1961-62
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.
Spain, continued							
Poultry							
Metric tons.....		.74	--	--	--	--	
Pounds.....		1,631	--	--	--	--	
Market value..... \$	492	492	--	--	--	--	
Beans							
Metric tons.....		8.21	5.15	--	--	--	
Cwt.....		181	114	--	--	--	
Market value..... \$	1,498	1,498	885	--	--	--	
Potatoes							
Metric tons.....		23.45	--	--	--	--	
Pounds.....		50,822	--	--	--	--	
Market value..... \$	1,392	1,392	--	--	--	--	
Total - Spain		2,156.43	174.34	88.29	241.54	36.25	
Metric tons.....		2,156.43	174.34	88.29	241.54	36.25	
Market value..... \$	471,849	466,402	29,543	18,245	53,301	6,377	
471,849		466,402	29,543	18,245	53,301	6,377	
Sudan							
Wheat							
Metric tons.....		--	--	--	--	--	
Dushels.....		--	--	--	--	--	
Market value..... \$	1,800	--	--	--	--	--	
Syrian Arab Republic							
Wheat							
Metric tons.....		9.96	--	--	--	9.96	
Dushels.....		365	--	--	--	365	
Market value..... \$	6,300	634	--	--	--	634	
Rice							
Metric tons.....		--	--	--	--	--	
Cwt.....		--	--	--	--	--	
Market value..... \$	1,500	--	--	--	--	--	
Total - Syrian Arab Republic		9.96	--	--	--	9.96	
Metric tons.....		9.96	--	--	--	9.96	
Market value..... \$	7,800	634	--	--	--	634	
7,800		634	--	--	--	634	
Thailand							
Tobacco							
Metric tons.....		2.46	--	--	--	--	
Pounds.....		5,439	--	--	--	--	
Market value..... \$	3,932	3,932	--	--	--	--	
3,932		3,932	--	--	--	--	

Country and commodity	Amounts programed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods						
			Fiscal Year 1959-60		Fiscal Year 1960-61				
			July-Dec.	Jan.-June	July-Dec.	Jan.-June			
			Fiscal Year 1961-62						
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.
Thailand, continued									
Anhydrous milk fat									
Metric tons.....		.08	.01						
Pounds.....		169	28						
Market value.....	\$ 106	105	28						
Nonfat dry milk									
Metric tons.....		.29	.05						
Pounds.....		648	108						
Market value.....	\$ 78	78	14						
Total - Thailand									
Metric tons.....		2.83	.06						
Market value.....	\$ 4,116	4,115	32						
Tunisia									
Wheat									
Metric tons.....		126.68							126.68
Bushels.....		4,655							4,655
Market value.....	\$ 11,008	7,602							7,602
Corn									
Metric tons.....									
Bushels.....									
Market value.....	\$ 300								
Barley									
Metric tons.....		30.11							30.11
Bushels.....		1,383							1,383
Market value.....	\$ 2,100	1,872							1,372
Total - Tunisia									
Metric tons.....		156.79							156.79
Market value.....	\$ 13,400	8,374							8,974
Tunisia									
Wheat									
Metric tons.....		3,926.09	314.04	50.70	393.78	620.94			
Bushels.....		93,847	11,539	1,863	14,449	22,926			
Market value.....	\$ 164,605	197,701		3,084	24,224	38,050			
Barley									
Metric tons.....		183.81							
Bushels.....		8,442							
Market value.....	\$ 9,683	9,683							
Corn									
Metric tons.....		128.31	25.54			9.75			
Bushels.....		5,052	1,005			384			
Market value.....	\$ 6,899	6,971	1,307			492			

Country and commodity	Amounts programed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods					
			Fiscal Year 1955-60		Fiscal Year 1960-61		Fiscal Year 1961-62	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	
Turkey, continued								
Wata								
Metric tons.....		49.92	--	--	--	--	--	
Bushels.....		3,660	--	--	--	--	--	
Market value..... \$	3,034	3,034	--	--	--	--	--	
Rice								
Metric tons.....		25.49	--	--	--	10.35	--	
Qu.....		561	--	--	--	228	--	
Market value..... \$	3,455	3,221	--	--	--	1,141	--	
Butter								
Metric tons.....		.41	--	--	--	--	--	
Pounds.....		85	--	--	--	--	--	
Market value..... \$	399	399	--	--	--	--	--	
Cheese								
Metric tons.....		2.26	--	--	--	--	--	
Pounds.....		4,976	--	--	--	--	--	
Market value..... \$	1,300	1,300	--	--	--	--	--	
Anhydrous milk fat								
Metric tons.....		.15	--	--	--	--	--	
Pounds.....		324	--	--	--	--	--	
Market value..... \$	200	200	--	--	--	--	--	
Nonfat dry milk								
Metric tons.....		1.09	--	--	--	--	--	
Pounds.....		2,411	--	--	--	--	--	
Market value..... \$	300	300	--	--	--	--	--	
Cottonseed oil								
Metric tons.....		117.00	43.28	--	--	--	--	
Pounds.....		257,914	95,414	--	--	--	--	
Market value..... \$ 1/	90,326	45,459	16,911	--	--	--	--	
Soybean oil								
Metric tons.....		90.08	13.00	19.82	--	--	--	
Pounds.....		198,590	28,646	43,696	--	--	--	
Market value.....	(1)	28,667	3,824	5,664	--	--	--	
Tallow								
Metric tons.....		20.43	--	--	--	--	--	
Pounds.....		45,038	--	--	--	--	--	
Market value..... \$	7,797	4,397	--	--	--	--	--	

Country and commodity	Amounts programmed through December 31, 1961	Total shipments January 1, 1956 December 31, 1961	Shipments by 6-month periods					
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	Jan.-June
Turkey, continued								
Beef								
Metric tons.....		6.62	--	--	--	--	--	
Pounds.....		14,637	--	--	--	--	--	
Market value..... \$	4,397	4,397	--	--	--	--	--	
Poultry								
Metric tons.....		3.10	--	--	--	--	--	
Pounds.....		6,834	--	--	--	--	--	
Market value..... \$	2,247	2,247	--	--	--	--	--	
Total - Turkey								
Metric tons.....		3,182.76	56.28	359.40	50.70	404.13	633.69	
Market value..... \$	294,642	267,856	20,735	26,502	3,046	25,365	38,342	
United Arab Republic (Egypt)								
Wheat								
Metric tons.....		1,734.45	185.34	330.40	216.16	225.26	297.54	
Bushels.....		63,730	6,810	12,140	7,942	7,910	10,933	
Market value..... \$	206,625	102,073	10,647	19,094	12,669	12,786	17,963	
Wheat flour								
Metric tons.....		1,041.77	117.96	199.76	187.23	175.25	230.85	
Pounds.....		2,296,742	260,067	440,400	412,779	386,360	508,938	
Market value..... \$	(3)	72,451	8,548	14,474	13,429	11,849	15,117	
Barley								
Metric tons.....		5.75	5.75	--	--	--	--	
Bushels.....		264	264	--	--	--	--	
Market value..... \$	275	275	275	--	--	--	--	
Corn								
Metric tons.....		215.61	49.95	22.36	39.78	--	103.52	
Bushels.....		8,488	1,966	880	1,566	--	4,076	
Market value..... \$	23,132	10,818	2,532	1,202	2,118	--	4,966	
Grain Sorghum								
Metric tons.....		9.82	9.89	--	--	--	--	
Bushels.....		389	389	--	--	--	--	
Market value..... \$	432	432	432	--	--	--	--	
Rice								
Metric tons.....		42.38	42.38	--	--	--	--	
Cwt.....		935	935	--	--	--	--	
Market value..... \$	5,290	5,290	5,290	--	--	--	--	

Country and commodity	Amounts programed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods					
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	
<u>United Arab Republic (Syria), continued</u>								
<u>Tobacco</u>								
Metric tons.....		11.07	6.03	.43	4.29	.32	--	
Pounds.....		24,406	13,297	938	9,465	706	--	
Market value..... \$	21,895	15,395	8,402	592	5,971	430	--	
<u>Tallow</u>								
Metric tons.....		--	--	--	--	--	--	
Pounds.....		--	--	--	--	--	--	
Market value..... \$	3,500	--	--	--	--	--	--	
<u>Cottonseed oil</u>								
Metric tons.....		17.05	5.00	--	--	12.05	--	
Pounds.....		37,589	11,023	--	--	26,566	--	
Market value..... \$ 1/	18,111	5,432	1,570	--	--	3,862	--	
<u>Soybean oil</u>								
Metric tons.....		31.14	6.96	9.13	10.76	--	4.29	
Pounds.....		68,668	15,341	20,132	23,726	--	9,469	
Market value..... (1)		6,767	1,627	1,845	2,195	--	1,100	
<u>Nonfat dry milk</u>								
Metric tons.....		--	--	--	--	--	--	
Pounds.....		--	--	--	--	--	--	
Market value..... \$	40	--	--	--	--	--	--	
<u>Poultry</u>								
Metric tons.....		1.10	.15	.18	.38	.17	.22	
Pounds.....		2,421	331	391	839	375	485	
Market value..... \$	1,028	737	125	137	238	133	164	
<u>Total - UAR</u>								
Metric tons.....		3,110.21	429.41	526.26	458.60	403.05	636.42	
Market value..... \$ 6/	280,328	219,730	39,448	17,344	36,610	29,060	39,310	
<u>United Arab Republic (Syria)</u>								
<u>Wheat</u>								
Metric tons.....		267.10	--	75.50	96.00	95.60	--	
Bushels.....		9,835	--	2,774	3,528	3,513	--	
Market value..... \$ 3/	20,446	16,098	--	4,496	5,812	5,730	--	
<u>Wheat flour</u>								
Metric tons.....		58.48	--	--	29.11	16.36	13.01	
Pounds.....		128,914	--	--	64,166	36,068	28,680	
Market value..... (3)		4,173	--	--	2,098	1,179	896	

Country and commodity	Amounts progressed through December 31, 1961	Total Shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods				
			Fiscal Year 1955-56		Fiscal Year 1960-61		Fiscal Year 1961-62
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.
United Arab Republic, continued							
(Syria)							
Barley							
Metric tons.....		91.94	--	67.61	11.02	13.31	--
Bushels.....		4,220	--	3,105	504	611	--
Market value..... \$	4,580	4,580	--	3,515	327	738	--
Total - DAR (Syria)							
Metric tons.....		417.52	--	143.13	136.13	125.27	13.01
Market value..... \$	4,026	24,791	--	8,011	8,737	7,647	836
United Kingdom							
Tobacco							
Metric tons.....		24.00	--	--	--	--	--
Pounds.....		52,906	--	--	--	--	--
Market value..... \$	38,000	38,000	--	--	--	--	--
Canned fruit and juices							
Metric tons.....		11.71	--	--	--	--	--
Pounds.....		25,817	--	--	--	--	--
Market value..... \$	3,609	3,609	--	--	--	--	--
Dried fruit							
Metric tons.....		11.94	--	--	--	--	--
Pounds.....		26,313	--	--	--	--	--
Market value..... \$	3,991	3,991	--	--	--	--	--
Fresh fruit							
Metric tons.....		16.64	--	--	--	--	--
Pounds.....		36,672	--	--	--	--	--
Market value..... \$	2,434	2,434	--	--	--	--	--
Total - United Kingdom							
Metric tons.....		64.29	--	--	--	--	--
Market value..... \$	48,034	48,034	--	--	--	--	--
Wheat							
Metric tons.....		202.23	--	202.23	--	--	--
Bushels.....		7,430	--	7,430	--	--	--
Market value..... \$	13,975	12,633	--	12,633	--	--	--
Barley							
Metric tons.....		64.91	22.88	42.03	--	--	--
Bushels.....		2,982	1,051	1,931	--	--	--
Market value..... \$	3,138	3,138	1,048	2,090	--	--	--

Country and commodity	Amounts programed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods				
			Fiscal Year 1955-56		Fiscal Year 1960-61		Fiscal Year 1961-62
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	
URUGUAY, continued							
Corn							
Metric tons.....		82.37	19.18	63.19	--	--	
Bushels.....		3,238	755	2,483	--	--	
Market value..... \$	6,872	4,070	972	3,098	--	--	
Cotton							
Metric tons.....		12.23	7.49	.26	--	--	
Sales.....		51.62	31.72	1.19	--	--	
Market value..... \$	11,726	6,965	4,077	150	--	--	
Tobacco							
Metric tons.....		2.94	2.15	--	--	--	
Pounds.....		6,479	4,799	--	--	--	
Market value..... \$	6,076	6,076	4,500	--	--	--	
Total - Uruguay							
Metric tons.....		364.68	51.73	307.71	--	--	
Market value..... \$	41,787	32,882	10,597	17,971	--	--	
Viet-Nam							
Wheat-flour							
Metric tons.....		60.61	--	--	19.36	27.00	
Pounds.....		133,622	--	--	42,685	59,525	
Market value..... \$	6,958	4,517	--	--	1,432	2,059	
Rice							
Metric tons.....		--	--	--	--	--	
Cvt.....		--	--	--	--	--	
Market value..... \$	5,800	--	--	--	--	--	
Cotton							
Metric tons.....		16.45	--	2.22	1.96	4.11	
Sales.....		70.37	--	9.22	8.24	17.43	
Market value..... \$	11,362	9,286	--	1,106	1,029	2,178	
Condensed milk							
Metric tons.....		--	--	--	--	--	
Pounds.....		--	--	--	--	--	
Market value..... \$	7,700	--	--	--	--	--	
Dry milk							
Metric tons.....		--	--	--	--	--	
Pounds.....		--	--	--	--	--	
Market value..... \$	150	--	--	--	--	--	

Country and commodity	Amounts programmed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods				
			Fiscal Year 1955-56		Fiscal Year 1960-61		Fiscal Year 1961-62
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.
Viet-Nam, continued							
Tobacco							
Metric tons.....		7.77	.01	.65	1.28	1.38	.39
Pounds.....		17,133	20	1,439	2,930	3,042	851
Market value.....	12,355	10,624	11	872	1,754	1,880	502
Total - Viet-Nam							
Metric tons.....		4.83	.01	2.87	32.49	32.49	22.80
Market value.....	44,925	24,487	11	1,238	4,215	6,117	6,501
Yugoslavia							
Wheat							
Metric tons.....		4,173.08	240.76	--	--	147.61	354.59
Pounds.....		153,315	8,846	--	--	5,424	13,028
Market value.....	290,619	259,767	15,049	--	--	9,812	21,636
Cotton							
Metric tons.....		155.62	--	--	21.03	11.27	16.23
Bales.....		656.14	--	--	88.48	47.81	68.76
Market value.....	91,352	90,744	--	--	11,059	6,454	9,146
Cottonseed oil							
Metric tons.....		4.47	.50	--	.85	--	--
Pounds.....		9,867	1,108	--	1,880	--	--
Market value.....	51,239	1,445	160	--	251	--	--
Soybean oil							
Metric tons.....		147.15	22.06	--	22.35	--	33.51
Pounds.....		328,813	48,645	--	49,270	--	73,867
Market value.....	(1)	40,763	5,413	--	5,140	--	10,100
Lard							
Metric tons.....		63.50	--	--	--	--	--
Pounds.....		139,994	--	--	--	--	--
Market value.....	19,893	19,893	--	--	--	--	--
Tallow							
Metric tons.....		15.10	--	--	--	--	5.44
Pounds.....		33,303	--	--	--	--	12,004
Market value.....	3,291	2,851	--	--	--	--	1,060
Nonfat dry milk							
Metric tons.....		2.47	--	--	2.47	--	--
Pounds.....		5,442	--	--	5,442	--	--
Market value.....	500	500	--	--	500	--	--

TITLE I, PUBLIC LAW 480, continued

All data in thousands

Country and commodity	Amounts programmed through December 31, 1961	Total shipments January 1, 1955- December 31, 1961	Shipments by 6-month periods					
			Fiscal Year 1959-60		Fiscal Year 1960-61		Fiscal Year 1961-62	
			July-Dec.	Jan.-June	July-Dec.	Jan.-June	July-Dec.	
Yugoslavia, continued								
Fresh fruit								
Metric tons.....		4.98	.31	—	1.57	1.66	1.44	
Pounds.....		10,980	680	—	3,458	3,660	3,182	
Market value.....	\$ 6/ 1,540	873	42	—	348	276	207	
Canned fruits and juices								
Metric tons.....		2.27	1.37	—	.90	—	—	
Pounds.....		4,993	3,013	—	1,980	—	—	
Market value.....	(6)	667	398	—	269	—	—	
Dry edible beans								
Metric tons.....		10.06	—	—	—	—	—	
Cwt.....		222	—	—	—	—	—	
Market value.....	\$ 1,795	1,795	—	—	—	—	—	
Total - Yugoslavia								
Metric tons.....		4,580.70	265.00	—	49.17	160.54	431.21	
Market value.....	\$ 460,222	418,298	21,062	—	17,547	15,842	42,349	
GRAND TOTAL								
Metric tons.....		55,320.18	3,983.41	6,531.56	6,206.37	5,125.96	5,706.75	
Market value.....	\$ 6,740,945	5,011,346	344,104	480,598	528,704	404,986	447,898	

- 1/ Cottonseed oil and/or soybean oil.
- 2/ Cottonseed oil, soybean oil and/or lard.
- 3/ Wheat and/or wheat flour.
- 4/ Grain sorghum, barley and/or corn.
- 5/ Includes agreement signed with Egypt.
- 6/ Fresh fruit and canned fruit and juice.

United States agricultural exports under specified Government-financed programs, exports outside Government-financed programs, and total agricultural exports, value, by country of destination, Calendar Year 1960

Country	Public Law 480		P. L. 461		Total	Total	Total
	Title I	Title III	Title I	Title III				agri'l	agri'l
	for sale to foreign countries	for sale to other countries	for sale to foreign countries	for sale to other countries	under specified Gov't	under specified Gov't	outside Gov't
	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars
North America							
Canada	—	—	—	—	—	432,297	432,297
Greenland	—	—	—	—	—	1	1
Miquelon and St. Pierre Islands	—	—	—	27	—	27	22
Total	—	—	—	27	—	432,297	432,280
Latin American Republics and Canal Zone							
Argentina	206	—	—	—	206	1,590	1,796
Bolivia	—	—	195	3,242	865	4,303	6,127
Brazil	25,502	—	1,283	6,442	—	33,229	44,228
Canal Zone	—	—	—	2	—	2	650
Chile	4,812	—	5,287	40	—	10,139	11,663
Colombia	8,323	—	2,557	1,306	—	12,186	12,578
Costa Rica	—	—	—	—	—	5,234	5,234
Cuba	—	—	94	1,169	—	1,263	87,328
Dominican Republic	—	—	—	334	—	334	3,729
Honduras	—	—	288	—	—	288	6,053
El Salvador	—	—	22	—	—	22	5,830
Guatemala	—	—	214	440	—	654	7,934
Haiti	—	—	1,002	1,733	—	2,735	6,001
Honduras	—	—	169	80	—	249	3,496
Mexico	—	—	1,216	7	—	1,223	54,692
Nicaragua	—	—	—	—	—	—	2,825
Panama, Republic of	—	—	165	—	—	165	9,053
Paraguay	—	—	653	—	—	653	140
Peru	5,588	—	1,521	2,692	—	9,801	8,678
Uruguay	17,971	—	159	—	—	18,130	25,516
Venezuela	—	—	—	6	—	6	92,202
Total Latin American Republics and Canal Zone	62,402	—	14,828	17,493	865	95,588	335,961
Other Latin America							
Bahamas	—	—	3	8	—	11	7,357
Barbados	—	—	5	—	—	5	1,719
Bermuda	—	—	—	1	—	1	5,168
British Guiana	—	—	16	—	—	16	5,199
British Honduras	—	—	34	14	—	48	1,668
Falkland Islands	—	—	—	—	—	—	1
French Guiana	—	—	—	—	—	—	82
French West Indies	—	—	26	—	—	26	486
Jamaica	—	—	652	339	—	991	9,136
Leeward and Windward Islands	—	—	5	5	—	10	1,128
Netherlands Antilles	—	—	—	5	—	5	9,027
Suriname	—	—	36	—	—	36	2,127
Trinidad and Tobago	—	—	6	30	—	36	8,423
Total Other Latin America	—	—	767	462	—	1,169	49,923
Total Latin America	62,402	—	15,595	17,955	865	96,757	385,884
Europe							
Austria	538	199	812	19,494	—	21,043	5,937
Belgium	—	—	—	—	—	—	29
Belgium and Luxembourg	—	—	—	2,620	—	2,620	134,437
Bulgaria	—	—	—	—	—	—	52
Czechoslovakia	—	—	—	—	—	—	654
Denmark	—	—	—	762	—	762	54,638
Finland	7/ 4,868	—	—	51	—	4,919	7,604
France	2/ 1,100	—	25	4,799	9,715	15,639	112,518
Germany, East	—	—	—	—	—	—	1,009
Germany, West	2/ 325	—	2,017	1,499	19,429	23,270	331,635
Gibraltar	—	—	—	—	—	—	10
Greece	8,322	—	4,836	—	1,022	14,180	2,403
Hungary	—	—	—	—	—	—	462
Iceland	2/ 1,691	—	—	—	—	1,691	913
Ireland	—	—	—	5,952	—	5,952	13,706

United States agricultural exports under specified Government-financed programs, exports outside Government-financed programs, and total agricultural exports, value, by country of destination, Calendar Year 1960

Country	Public Law 499				P. L. 499 Sec. 402	Total agricult exports under Gov't progs.	Total agricult exports outside Gov't progs.	Total agricult exports
	Title I	Title II	Title III	Barter				
	for foreign currency emergency relief	for other donations	for foreign currency emergency relief	for foreign currency emergency relief				
	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars
Europe, continued								
Italy (incl. Trieste).....	2,496	4,504	12,943	150	4,299	24,392	137,804	162,196
Latvia.....	—	—	—	—	—	—	824	824
Malta, Goso, and Cyprus.....	—	—	40	10	—	50	412	462
Netherlands.....	2/ 29	—	—	3,364	578	3,971	315,693	319,664
Norway.....	—	—	—	464	—	464	32,422	32,886
Poland.....	128,091	—	3,579	—	—	131,670	584	131,086
Portugal.....	—	—	2,943	—	—	2,943	12,301	15,244
Rumania.....	—	—	—	—	—	—	143	143
Spain.....	64,821	1,225	7,899	2,023	12,954	88,922	24,178	113,100
Sweden.....	—	—	—	261	—	261	46,225	46,486
Switzerland.....	—	—	—	—	—	—	54,121	54,121
Turkey.....	29,548	—	906	4,675	1,071	36,200	36,368	36,368
United Kingdom.....	2/ 530	—	—	18,570	14,893	33,993	475,833	509,826
Union of Soviet Soc. Republics.....	—	—	—	—	—	—	1,903	1,903
Yugoslavia.....	7/ 2,989	—	11,016	161	9	22,175	4,961	24,136
Total Europe.....	260,348	5,928	47,016	64,635	63,970	441,897	11,770,811	12,212,708
Asia								
Aden.....	—	—	8	—	—	8	519	527
Afghanistan.....	—	—	36	—	—	36	603	639
Arabic Peninsula States, n.e.c.....	—	2,172	—	4	—	2,176	243	1,933
Bahrain, State of.....	—	—	—	10	—	10	857	867
Burma.....	2/ 838	—	33	—	—	871	395	1,266
Cambodia.....	—	—	—	—	1,642	1,642	201	1,843
Ceylon.....	741	—	3,346	—	—	4,087	3,490	7,577
China.....	—	—	—	—	—	—	—	—
Hong Kong.....	2/ 2,237	—	4,295	3,343	—	9,877	36,564	46,437
India.....	2/ 375,784	—	9,224	3,581	18/ -101	380,488	36,762	425,250
Indonesia, Republic of.....	2/ 20,343	—	755	—	—	21,098	2,526	23,624
Iran.....	3,239	1,886	961	3	—	6,089	5,461	11,550
Iraq.....	—	—	218	1,420	—	1,638	1,714	3,352
Israel.....	33,089	—	572	2,789	7,268	43,718	12,857	56,575
Japan.....	2/ 14,618	1,981	2/ 1,827	3,555	—	21,981	465,382	487,363
Jordan.....	—	11,298	958	206	—	12,462	2,403	10,059
Korea, North.....	—	—	—	—	—	—	—	—
Korea, Republic of.....	18,684	3,881	5,701	—	31,724	59,990	11,472	71,462
Kuwait.....	—	—	—	109	—	109	2,253	2,362
Laos.....	—	—	18	—	—	18	55	73
Lebanon.....	—	2,708	70	1,710	—	4,488	3,230	7,718
Macao.....	—	—	489	—	—	489	48	441
Malaya, Federation of.....	—	—	175	371	—	546	2,257	2,803
Masai and Mungo Islands, n.e.c.....	—	3,563	1,866	174	—	5,603	5,590	11,193
Nepal.....	—	—	—	—	—	—	1	1
Outer Mongolia.....	—	—	—	—	—	—	—	—
Pakistan.....	89,511	—	1,091	—	2,129	92,731	6,287	99,018
Palestine.....	—	—	—	—	—	—	10	10
Philippines, Republic of.....	—	—	4,160	1,902	4,626	10,688	54,602	65,290
Portuguese Asia, n.e.c.....	—	—	—	—	—	—	9	9
Saudi Arabia.....	—	—	—	364	—	364	6,679	7,043
Singapore and British Borneo.....	2/ 890	—	180	—	—	1,070	5,975	7,005
Southern and Southeastern Asia, n.e.c.....	—	—	9	—	—	9	12	21
Taiwan (Formosa).....	16,099	2,538	2,324	—	23,234	44,197	14,171	58,368
Thailand.....	—	—	25	9	—	34	6,648	6,682
United Arab Rep. (Syria Region).....	15,003	5,005	11/ 3,860	—	—	23,868	2,017	22,851
Vietnam.....	6,344	—	5,016	—	12,730	23,832	1,880	22,012
Total Asia.....	597,182	35,032	43,357	23,408	83,254	743,193	678,977	1,421,210
Oceania								
Australia.....	—	—	—	—	—	—	33,434	33,434
British Western Pacific Islands... French Pacific Islands..... New Guinea..... New Zealand..... Trust Territory of the Pacific Islands.....	—	—	—	—	—	—	65	65
	—	—	—	—	—	—	457	457
	—	—	—	—	—	—	173	173
	—	—	—	—	—	—	6,740	6,740
	—	—	156	—	—	156	774	931
Total Oceania.....	—	—	156	—	—	156	43,444	43,800

United States agricultural exports under specified Government-financed programs, exports outside Government-financed programs, and total agricultural exports, value, by country of destination, Calendar Year 1960

Country	Public Law 480				P. L. 655				Total
	Title I	Title II	Title III	Sec. 402	agric'l	agri'l	agri'l	Total	
	sales for	and Foreign	and Foreign	and Foreign	sales for	sales for	sales for	sales for	
	emergency	currency	donations	barter	land	specified	specified	specified	exports
	1/	2/	3/	4/	5/	6/	7/	8/	9/
	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars	Thousand dollars
Africa									
Algeria.....	—	—	978	—	—	978	599	—	1,577
Angola.....	—	—	43	12	—	12	1,336	—	1,348
British East Africa.....	—	—	43	—	—	43	370	—	413
British West Africa, n.s.o.....	—	—	22	31	—	53	463	—	518
Cameroun.....	—	—	35	1	—	36	613	—	649
Canary Islands.....	—	—	—	2,952	—	2,952	3,806	—	6,758
Congo, Republic of (Belg. Congo).....	—	229	115	1,100	—	1,444	2,577	—	4,121
Ethiopia.....	—	390	116	2	586	1,074	1,275	—	2,369
French Somaliland.....	—	—	—	41	—	41	335	—	377
Ghana.....	—	—	450	1,904	—	2,354	4,811	—	7,155
Liberia.....	—	—	278	107	—	385	3,470	—	3,855
Libya.....	—	7,116	584	—	—	7,700	2,441	—	5,259
Madeira Islands.....	—	—	—	—	—	—	675	—	675
Madagascar, Republic of (Madagascar).....	—	—	—	—	—	—	2	—	2
Mauritius and Dependencies.....	—	—	24	—	—	24	39	—	63
Morocco.....	—	3,338	2,638	464	5,901	12,355	4,029	—	16,384
Mozambique.....	—	—	—	663	—	663	901	—	1,564
Nigeria.....	—	—	44	982	—	1,026	7,613	—	8,639
Rhodesia and Nyasaland, Fed. of.....	—	—	—	283	—	283	288	—	571
Seychelles and Dependencies.....	—	—	—	—	—	—	64	—	64
Somali, Rep. of (Somaliland and British Somaliland).....	—	—	280	4	—	284	139	—	423
Spanish Africa, n.s.o.....	—	—	—	—	—	—	406	—	406
Sudan.....	—	—	8	—	—	8	311	—	319
Tunisia.....	—	13,101	244	938	—	16,283	4,608	—	11,681
United Arab Rep. (Egypt Region).....	73,392	—	119,600	—	2,623	85,615	13,322	—	99,137
Union of South Africa.....	—	—	17	249	—	266	17,127	—	17,393
Western Africa, n.s.o. (French).....	—	—	908	2	—	902	1,214	—	2,050
Western Equatorial Africa (French).....	—	—	8	—	—	8	22	—	30
Equatorial Africa.....	—	—	8	—	—	8	87	—	95
Western Portuguese Africa, n.s.o.....	—	—	—	—	—	—	—	—	—
Total Africa.....	73,392	26,462	16,132	9,760	9,110	134,836	56,672	—	193,508
Country of destination not reported.....	—	2,142	—	2,358	—	13,682	13,682	—	—
Total.....	993,324	78,846	19,122,256	117,963	157,199	21,469,588	13,334,599	—	44,224,187

- 1/ Foreign donations are authorized under Sec. 416 of the Agricultural Act of 1949 and Sec. 302, Title III, P. L. 480.
- 2/ The barter program is authorized under the Charter Act of the Commodity Credit Corporation; Sec. 303, Title III, P. L. 480; and other legislation.
- 3/ Mutual security programs, sales for foreign currency, except \$6 million. Includes ocean transportation when not reported separately.
- 4/ "Agricultural exports outside specified Government programs" (sales for dollars) include, in addition to unassisted commercial transactions, shipments of some commodities with governmental assistance in the form of (1) extension of credit for relatively short periods, (2) sales of Government-owned commodities at less than domestic market prices, and (3) export payments in cash or in kind.
- 5/ The non-comparability of the data available for the reporting of Government-financed programs may affect the reliability of the totals for any country, but the discrepancies are most apparent when exports under Government programs exceed total exports. These excesses may be attributed to lags in reporting or to differences in valuation procedures. Exports under Title II are shown in this report at cost to C.C.C., whereas these shipments are at times reported to the Bureau of the Census at market value.
- 6/ The value shown for Jamaica was reported as the West Indies, which includes Barbados, Jamaica, Leonard and Mindard Islands, and Trinidad and Tobago.
- 7/ Under agreements with Burma, Iceland, and Indonesia, raw cotton was exported to third countries for processing. In exchange, processed goods are exported to the agreement country. The Title I values shown for the above-mentioned countries do not include the value of the raw cotton exported to third countries as follows:

Agreement Country	Value (Thousand dollars)
Burma	6,427
Iceland	398
Indonesia	14,466
Total	21,291

United States agricultural exports under specified Government-financed programs, exports outside Government-financed programs, and total agricultural exports, value, by country of destination, Calendar Year 1960

7/ Continued

The cotton not included in the value for the agreement countries is included in the Title I value for the processing countries as follows:

<u>Processing Country</u>	<u>Agreement Country</u>	<u>Value (Thousand dollars)</u>
France	Burma	19
Germany, West	Burma	325
Hong Kong	Burma	101
India	Burma	1,606
Japan	Burma	3,498
Netherlands	Burma	29
United Kingdom	Burma	530
Yugoslavia	Burma	319
Finland	Iceland	398
Hong Kong	Indonesia	2,134
Japan	Indonesia	11,120
Singapore	Indonesia	850
Total cotton processed in third countries		30,991

8/ Net adjustment from a previous period.

9/ The value shown for Japan includes \$30,000 estimated export value of 20,000 bushels of corn donated by the Commodity Credit Corporation under its charter authority for market development. This shipment of corn in February 1960 was the first of the not to exceed 60,000 bushels to be provided over a two-year period for feed for breeding hogs donated by the people of Iowa to the typhoon-damaged prefecture of Yamnashi, Japan. See Press Release USDA 110-60, January 14, 1960. This shipment is included under Title III donations for convenience in reporting.

10/ Less than \$500.

11/ Not reported separately by regions of the United Arab Republic. Donations under Title III were principally to Egypt.

12/ Includes \$306,000 for rice and \$1,564,000 for wheat flour shipped to Beirut, Lebanon; Port Said, Egypt; and/or Aqaba, Jordan, to be distributed by the United Nations Relief and Works Agency (UNRWA) to Palestine refugees. Also includes \$9,554,000 for milk distributed through voluntary relief agencies for which countries of destination are not reported.

13/ Documents showing country of destination were not received by the Barter and Stockpiling Division, Foreign Agricultural Service. As these documents are received, country figures will be adjusted to include the above value.

UNITED STATES DEPARTMENT OF AGRICULTURE
ECONOMIC RESEARCH SERVICE

Report No. 84
Issued June 1961

U. S. agricultural exports under specified government-financed programs, exports outside specified government-financed programs, and total agricultural exports, value, calendar year 1960

COMMODITY	P. L. 850			LAW 480			P. L. 562			Total	Total
	Title I	Title II	Title III	Title I	Title II	Title III	Sec. 402	agric'l	agri'l	agri'l	agri'l
	for	and other	Foreign	for	and other	Foreign	for	under	outside	agri'l	agri'l
	foreign	emergency	donations	Barter	currency	specified	and econ.	specified	and econ.	gov't	gov't
	relief										
	1/	2/	3/	4/	5/	6/	7/	8/	9/	10/	11/
	Million	Million	Million	Million	Million	Million	Million	Million	Million	Million	Million
	dollars	dollars	dollars	dollars	dollars	dollars	dollars	dollars	dollars	dollars	dollars
Wheat.....	558.6	38.3	1.9	28.2	11.4	638.4	215.7	854.1			
Wheat flour.....	39.6	7.1	58.0	10.2	3.6	118.5	53.5	172.0			
Rye.....	—	—	—	—	—	—	—	—			
Corn, exempt seed.....	30.1	3.9	.9	20.5	10.1	65.5	215.5	281.0			
Grain sorghums.....	13.8	.7	—	7.1	.6	22.2	86.1	108.3			
Oats.....	—	—	—	.2	—	.2	25.3	25.5			
Barley.....	29.2	6.7	—	11.2	9.2	56.3	42.4	98.7			
Corn meal.....	—	1.2	15.8	—	—	17.0	5/	16.8			
Rice, milled.....	57.5	6.0	21.5	1.3	—	86.5	61.0	147.5			
Cotton.....	16/161.5	1.5	—	15.9	51.5	230.4	719.9	980.3			
Tobacco, unmanufactured.....	21.8	—	—	20.2	17.8	60.5	317.9	378.4			
Soybeans.....	—	—	—	.5	24.5	25.0	310.4	335.4			
Flaxseed.....	—	—	—	—	.1	.1	12.8	12.9			
Yellow, edible and inedible.....	—	—	—	—	7.9	7.9	92.0	99.9			
Soybean oil.....	70.6	—	—	—	1.5	72.2	26.4	108.6			
Cottonseed oil.....	6.9	—	—	—	2.0	8.9	46.7	49.6			
Linseed oil.....	—	—	—	—	7/	7/	6.1	6.1			
Oilcake and meal.....	—	—	—	—	3.3	3.3	42.1	45.4			
Essential oils.....	—	—	—	—	7/	7/	13.5	13.5			
Milk, evaporated and condensed.....	—	—	—	—	10.4	10.4	15.6	26.0			
Milk, whole dried.....	—	—	—	—	7/	7/	15.1	15.1			
Milk, nonfat dried.....	2.0	13.4	24.2	.7	.4	46.7	104.8	151.5			
Cheese.....	—	—	—	.4	—	.4	3.8	4.2			
Butter.....	—	—	—	.1	—	.1	.6	.7			
Infants' and dietetic foods.....	—	—	—	—	.4	.4	11.5	11.9			
Eggs in the shell.....	—	—	—	—	7/	7/	11.8	11.8			
Poultry, fresh or frozen.....	—	—	—	—	—	—	45.8	46.2			
Hides and skins.....	—	—	—	—	1.5	1.5	74.9	76.4			
Beans, dry edible, exempt seed.....	—	—	—	—	.8	.8	23.2	24.0			
Dried fruit.....	.3	—	—	—	—	—	4.3	4.9			
Fruits and juices, fresh, frozen, and canned.....	1.0	—	—	—	—	—	1.0	203.9	204.9		
Yeast, except liquid.....	—	—	—	—	7/	7/	1.7	1.7			
Crude rubber and allied gums.....	—	—	—	—	7/	7/	.4	.4			
Other agricultural commodities.....	—	—	—	—	—	—	566.9	566.9			
Total agricultural exports.....	993.3	78.8	122.3	117.9	157.3	1,659.6	3,354.6	4,824.2			

- 1/ Foreign donations are authorized under Sec. 416 of the Agricultural Act of 1949 and Sec. 302, Title III, P.L. 480. The barter program is authorized under the Charter Act of the Commodity Credit Corporation; Sec. 303, Title III, P.L. 480 and other legislation.
- 2/ Mutual security programs, sales for foreign currency, except \$4.6 million. Includes ocean transportation when not reported separately.
- 3/ "Agricultural exports outside specified government programs" (sales for dollars) includes, in addition to unassisted commercial transactions, shipments of some commodities with governmental assistance in the form of (1) extension of credit for relatively short periods, (2) sales of government-owned commodities at less than domestic market prices, and (3) export payments in cash or in kind.
- 4/ Excess of government portion over total exports may be attributed to lags in reporting or to differences in valuation procedures.
- 5/ Title I based partly on vessel bookings and barter based on invoices to contractors during period.
- 6/ Less than \$50,000.

See page A-13 of Foreign Agriculture Circular FAIP 16-60 dated June 30, 1960, for details on sources and comparability of data.

Trade Statistics and Analysis Branch
Development and Trade Analysis Division
Economic Research Service
WES:phm 5/9/61

UNITED STATES DEPARTMENT OF AGRICULTURE
 ECONOMIC RESEARCH SERVICE

 Report No. 85
 Issued June 1961

U. S. agricultural exports under specified government-financed programs, exports outside specified government-financed programs, and total agricultural exports, quantity, Calendar Year 1960

COMMODITY	PUBLIC LAW 880				P. L. 865		Total		Total
	Title I, Title II	Title III	Title IV	Title V	Sec. 507, Title III	agric'l	agric'l		
	Sales for	Foreign	Foreign	Foreign	foreign	under	outside	agric'l	Total
	foreign	emergency	donations	Barter	currency	specified	specified	exports	exports
	relief				and econ.	gov't	gov't	exports	exports
	currency				said	progs.	progs.	exports	exports
	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand	Thousand
	units	units	units	units	units	units	units	units	units
Wheat (60 lb.).....	Bu. 342,441	8,796	968	17,030	6,787	376,022	128,925	504,947	
Wheat flour.....	Cwt. 11,834	1,319	11,214	3,047	760	28,174	13,603	41,777	
Rye (56 lb.).....	Bu. --	--	--	712	--	712	4,170	4,882	
Corn, except seed (56 lb.).....	Bu. 23,101	1,252	588	16,211	7,834	48,989	171,700	220,689	
Grain sorghums (56 lb.).....	Bu. 12,813	354	--	6,564	468	20,199	76,441	96,640	
Oats (32 lb.).....	Bu. --	--	--	280	--	280	32,050	32,330	
Barley (48 lb.).....	Bu. 25,306	3,337	--	11,129	6,624	48,396	41,904	90,300	
Corn meal.....	Cwt. --	--	3,806	--	--	4,106	5	3,893	
Rice, milled.....	Cwt. 11,155	537	2,536	536	52	14,816	6,841	21,657	
Cotton, (running bales).....	Bales/5 1,263	11	6	136	430	1,840	5,692	7,532	
Tobacco, unmanufactured.....	Lb. 30,821	--	--	27,370	22,780	80,952	414,214	495,166	
Soybeans (60 lb.).....	Bu. --	--	--	279	9,734	10,013	137,841	147,854	
Flaxseed (56 lb.).....	Bu. --	--	--	--	28	28	4,121	4,149	
Yellow, edible and inedible.....	Lb. --	--	--	--	94,275	94,275	1,431,972	1,526,247	
Soybean oil.....	Lb. 668,275	--	--	--	14,836	683,111	372,677	1,055,788	
Cottonseed oil.....	Lb. 54,794	--	--	--	14,862	69,656	379,661	449,317	
Linseed oil.....	Lb. --	--	--	--	10	10	56,972	56,982	
Oilseeds and meal.....	Lb. --	--	--	--	47	47	666	713	
Essential oils.....	Lb. --	--	--	--	2	2	6,977	6,979	
Milk, evaporated and condensed.....	Lb. --	--	--	--	41,766	41,766	101,628	143,390	
Milk, whole dried.....	Lb. --	--	--	--	39	39	28,033	28,072	
Milk, nonfat dried.....	Lb. 22,162	81,723	259,626	9,219	2,794	375,524	71,225	446,749	
Cheese.....	Lb. --	--	--	--	1,113	1,113	8,083	9,136	
Butter.....	Lb. --	--	--	--	273	273	1,016	1,289	
Infants' and dietetic foods.....	Lb. --	--	--	--	668	668	15,620	16,288	
Eggs in the shell.....	Dos. --	--	--	--	18	18	17,529	17,547	
Poultry, fresh or frozen.....	Lb. 1,230	--	--	--	--	1,230	162,577	163,757	
Hides and skins.....	Lb. --	--	--	--	192	192	11,182	11,374	
Beans, dry edible, except seed.....	Cwt. --	--	--	--	87	87	2,931	3,068	
Dried fruit.....	Lb. 2,485	--	--	--	--	2,485	21,092	21,507	
Fruits and juices, fresh, frozen, and canned.....	Lb. 7,646	--	--	--	--	7,646	113,666	121,314	
Meat, except liquid.....	Lb. --	--	--	--	11	11	4,653	4,664	
Crude rubber and allied gums.....	Lb. --	--	--	--	85	85	44	129	

1/ Foreign donations are authorized under Sec. 416 of the Agricultural Act of 1949 and Sec. 302, Title III, P. L. 860. The barter program is authorized under the Charter Act of the Commodity Credit Corporation; Sec. 303, Title III, P. L. 860; and other legislation.

2/ Mutual security programs, principally sales for foreign currency. See footnote 1/ of Report No. 84.

3/ "Agricultural exports outside government programs" (sales for dollars) include, in addition to unassisted commercial transactions, shipments of some commodities with governmental assistance in the form of (1) extension of credit for relatively short periods, (2) sales of government-owned commodities at less than domestic market prices, and (3) export payments in cash or in kind.

4/ Excess of government portion over total exports may be attributed to lags in reporting or to differences in classification procedures.

5/ Title I based partly on vessel bookings and barter based on invoices during period.

See page A-13 of Foreign Agricultural Circular FATP 16-60, dated June 30, 1960, for details on sources and comparability of data.

Trade Statistics and Analysis Branch
 Development and Trade Analysis Division
 Economic Research Service
 ERS:phm 5/9/61

UNITED STATES DEPARTMENT OF AGRICULTURE
 FOREIGN AGRICULTURAL SERVICE

 Report No. 86
 Issued February 1961

 Credit sales of agricultural commodities, value by commodity,
 Calendar Year 1960 ^{1/}

Commodity	Export-Import	CCC	Total
	Bank loans ^{2/}	credit sales ^{3/}	credit sales
	Million dollars	Million dollars	Million dollars
Wheat	--	4.8	4.8
Wheat flour ^{4/}	--	.3	.3
Corn	--	5/	5/
Grain sorghums	--	5/	5/
Barley	--	.3	.3
Cotton	31.9	--	31.9
Milk, nonfat dry	--	.8	.8
Beef and dairy cattle ..	.3	--	.3
Total	32.2	6.2	38.4

^{1/} Credits for relatively short periods repayable in dollars plus interest (covering the financing costs of the lending agency).

^{2/} Disbursements during the period.

^{3/} Purchases during the period.

^{4/} Wheat from CCC stocks to be exported in the form of wheat flour.

^{5/} Less than \$50 thousand.

 Trade Statistics Branch
 Trade Policy Division
 Foreign Agricultural Service
 ENDeBipbm

W IMPORTS (FOR CONSUMPTION): Quantity and value of principal agricultural products,
 by countries of origin, 1960 1/

Commodity imported and country of origin	Year ended December 31		Commodity imported and country of origin	Year ended December 31	
	Quantity	Value		Quantity	Value
ANIMAL PRODUCTS					
Cattle (shrinkable by weight):		1,000	Swiss, Emmenthaler with eye formation - Continued:	1,000	1,000
Less than 200 pounds each:	Thousands	dollars	Europe - continued:	pounds	dollars
Canada (incl. Newfoundland & Labrador)	32	802	Other Europe	174	55
Mexico	2	74	Total Europe	9,935	5,429
Other countries	0	0	Other countries	0	0
Total	34	876	Total	9,935	5,429
200 to 700 pounds each:			Swiss, Gruyere process cheese:		
Canada (incl. Newfoundland & Labrador)	141	13,604	Europe -		
Mexico	369	27,966	Austria	245	103
Other countries	0	0	Switzerland	3,823	2,143
Total	510	41,570	Finland	467	160
700 pounds each or over:			Other Europe	216	107
Cows for dairy purposes:			Total Europe	4,751	2,513
Canada (incl. Newfoundland & Labrador)	20	4,775	Other countries	0	0
Other countries	1	52	Total	4,751	2,513
Total	21	4,827			
Other cattle, shrinkable:			Blue-mold:		
Canada (incl. Newfoundland & Labrador)	61	12,064	Denmark	3,937	1,794
Mexico	19	2,591	Italy	145	68
Other countries	0	0	Other countries	106	56
Total	80	14,655	Total	4,188	1,918
Cattle (free of duty):			Cheedar:		
Canada (incl. Newfoundland & Labrador)	18	6,169	Canada (incl. Newfoundland & Labrador)	512	254
Other countries	1	78	New Zealand	2,753	691
Total	19	6,247	Other countries	24	11
			Total	3,289	956
Horses:			Edam and Gouda:		
Horses (for breeding):			Norway	214	91
Canada (incl. Newfoundland & Labrador)	2/	111	Denmark	625	258
Chile	2/	149	Netherlands	4,870	2,042
Argentina	2/	197	Other countries	285	101
United Kingdom of Great Britain & No. Ireland	1	1,651	Total	5,994	2,492
Ireland (Eire)	2/	582			
France	2/	646	Parmesano:		
Italy	2/	1,687	Italy	394	247
Australia	2/	216	Other countries	0	0
New Zealand	2/	80	Total	394	247
Other countries	2/	72	Pecorino:		
Total	1	3,291	Italy	13,325	8,169
			Other countries	604	200
Horses, other:			Total	13,929	8,369
Canada (incl. Newfoundland & Labrador)	3	507	Provoloni and provolatte:		
Mexico	2	206	Italy	4,012	2,243
Cuba	2/	23	Other countries	13	5
Chile	2/	51	Total	4,025	2,248
Argentina	2/	85			
United Kingdom of Great Britain & No. Ireland	2/	73	Reggiano:		
Ireland (Eire)	2/	96	Argentina	430	146
Other countries	1	33	Italy	605	381
Total	6	1,024	Other countries	0	0
			Total	1,035	527
Butter:			Romano:		
Sweden	299	106	Argentina	1,467	464
Denmark	177	113	Other countries	50	22
New Zealand	478	242	Total	1,517	486
Other countries	90	38			
Total	1,044	499	Requisfort:		
			France	2,091	1,725
Cheese:			Other countries	4	1
Swiss, Emmenthaler with eye formation:			Total	2,095	1,726
Europe -			Other cheese:		
Denmark	1,311	514	Argentina	258	82
Netherlands	49	29	Europe -		
Austria	507	244	Norway	471	197
Switzerland	6,618	4,111	Denmark	2,367	1,003
Finland	1,276	476	France	445	224
			West Germany	412	160
			Switzerland	253	151
			Italy	2,702	1,225
			Yugoslavia	247	115
			Bulgaria	332	77

IMPORTS (FOR CONSUMPTION): Quantity and value of principal agricultural products, by countries of origin, 1960 1/2 - Continued

Commodity imported and country of origin	Year ended December 31		Commodity imported and country of origin	Year ended December 31	
	Quantity	Value		Quantity	Value
ANIMAL PRODUCTS - CONTINUED:	1,000	1,000	Pork, fresh, chilled, or frozen - Continued:	1,000	1,000
Cheese - Continued:	pounds	dollars	Other countries	pounds	dollars
Other cheese - Continued:			Total	38,367	14,004
Europe - continued					
Other Europe	675	264			
Total Europe	7,924	3,316	Hams, shoulders, and bacon, not smoking, boned, etc.:		
New Zealand	543	123	Canada (incl. Newfoundland & Labrador)	5,297	4,145
Other countries	91	46	Ireland (Eire)	154	95
Total	11,977	4,367	Other countries	164	156
			Total	5,615	4,396
Casein or lactogens:			Hams and shoulders, canned, soaked:		
Canada (incl. Newfoundland & Labrador)	1,920	463	Canada (incl. Newfoundland & Labrador)	2,813	2,600
Argentina	48,345	8,533	Europe -		
Europe -			Denmark	35,541	27,849
Norway	412	96	Netherlands	38,218	20,888
Netherlands	2,524	853	West Germany	2,582	1,783
France	1,281	236	Czechoslovakia	1,127	677
West Germany	1,932	609	Poland & Danzig	32,105	25,779
Poland & Danzig	7,781	1,389	Other Europe	547	415
Other Europe			Total Europe	110,120	83,367
Total Europe	14,574	3,566	Other countries	9	6
Australia	8,698	1,617	Total	112,942	85,993
New Zealand	18,101	3,939			
Other countries	515	89	Pork sausage:		
Total	92,153	17,947	Canada (incl. Newfoundland & Labrador)	39	44
			Denmark	183	130
Eggs in the shell:			Netherlands	169	133
Canada (incl. Newfoundland & Labrador)	1,000		Italy	1,227	985
Taiwan (Formosa)	2,061	959	Other countries	102	77
Australia	134	92	Total	1,780	1,369
Other countries	378	126			
Total	2,610	1,194	Other prepared or preserved pork:		
			Canada (incl. Newfoundland & Labrador)	923	845
Meats and meat products:			Denmark	4,921	2,894
Beef and veal, fresh, chilled, or frozen:			Netherlands	3,569	2,542
Canada (incl. Newfoundland & Labrador)	18,712	6,938	Poland & Danzig	2,954	2,101
Mexico	39,041	14,831	Other countries		281
Honduras	3,391	1,268	Total	12,679	8,663
Nicaragua	10,033	3,168			
Costa Rica	15,320	5,250	Other meats, fresh, chilled, or frozen: 3/		
Dominican Republic	5,488	1,861	Canada (incl. Newfoundland & Labrador)	480	156
United Kingdom of Great Britain & No. Ireland	2,978	1,082	Mexico	1,103	228
Ireland (Eire)	43,615	15,962	Cuba	867	657
Australia	143,985	51,038	Argentina	1,431	122
New Zealand	130,695	46,489	India	805	414
Other countries	46,357	179	Japan	863	644
Total	413,824	148,066	Australia	962	403
			New Zealand	425	189
Beef and veal, pickled or cured:			Other countries	665	157
Cuba	84	52	Total	7,601	2,580
Dominican Republic	129	77			
Paraguay	50	20	Other meats, canned, prepared or preserved: 3/		
Argentina	618	317	Cuba	189	98
Other countries	37	14	Brazil	606	301
Total	938	480	Paraguay	226	93
			Argentina	5,097	2,138
Beef, canned, incl. corned:			Sweden	288	117
Brazil	8,417	2,825	Denmark	4,518	1,850
Paraguay	9,732	3,426	Ireland (Eire)	9,178	3,276
Uruguay	10,753	3,796	France	121	103
Argentina	46,026	14,806	West Germany	344	241
Australia	680	225	Other countries	718	329
Other countries	17	5	Total	21,915	8,536
Total	76,334	25,092			
			Meat extract including fluid:		
Butter, goat and lamb, fresh, chilled, or frozen:			Brazil	76	175
Iceland	2,021	471	Uruguay	167	393
Australia	38,504	8,407	Argentina	704	1,661
New Zealand	9,116	1,986	United Kingdom of Great Britain & No. Ireland	72	61
Other countries	28	28			
Total	49,739	10,692			
Pork, fresh, chilled, or frozen:					
Canada (incl. Newfoundland & Labrador)	38,225	13,963			

IMPORTS (FOR CONSUMPTION): Quantity and value of principal agricultural products, by countries of origin, 1960 1/ - Continued

Commodity imported and country of origin	Year ended December 31		Commodity imported and country of origin	Year ended December 31	
	Quantity	Value		Quantity	Value
ANIMAL PRODUCTS - CONTINUED:					
Meats and meat products - Cont.:			Wool skins - Continued:		
Meat extract incl. fluid - Cont.:	1,000	1,000	New Zealand	415	200
Other countries	44	53	Other countries	484	189
Total	1,044	2,343	Total	5,179	3,109
Seaweed casings:			Kip skins:		
Canada (incl. Newfoundland & Labrador)	4,622	2,023	Canada (incl. Newfoundland & Labrador)	783	249
Cuba	298	76	Europe -		
Paraguay	324	105	Netherlands	1,339	640
Argentina	2,264	1,286	France	2,670	1,338
Sweden	778	490	West Germany	2,022	1,242
Denmark	1,836	910	Switzerland	541	298
Netherlands	290	603	Other Europe	382	185
West Germany	800	540	Total Europe	6,924	3,703
United Kingdom of Great Britain & No. Ireland	170	298	Other countries	178	50
Spain	132	285	Total	7,915	4,002
Turkey	76	163	Buffalo hides:		
Other Europe	304	318	United Kingdom of Great Britain & No. Ireland	226	117
Total Europe	4,386	3,607	India	1,198	682
Lebanon	121	425	Thailand (Siam)	104	52
Iraq (Mesopotamia)	80	267	Federation of Malaya	70	27
Australia	1,619	2,151	United Arab Republic (Egypt)	73	58
New Zealand	1,458	2,149	Other countries	92	41
Other countries	306	277	Total	1,770	977
Total	15,678	12,486	Horse, colt, and ass hides:		
Beeswax, crude:			Canada (incl. Newfoundland & Labrador)	2,914	570
Latin American Republics and Canal Zone 3/-			Argentina	2,932	331
Mexico	626	289	Europe -		
Cuba	602	230	Sweden	705	145
Dominican Republic	451	218	Denmark	835	186
Chile	587	292	Netherlands	1,512	369
Brazil	488	233	Belgium & Luxembourg	415	95
Other L. A. Republics	172	81	France	5,134	1,289
Total L. A. Republics and Canal Zone	2,926	1,403	West Germany	884	176
Portugal	367	179	Other Europe	322	70
United Arab Republic (Egypt)	175	88	Total Europe	9,807	2,330
Angola	455	210	Other countries	0	0
Ethiopia (Abyssinia)	600	286	Total	15,653	3,231
Other countries	268	110	Hair sheep and cabretta skins:		
Total	4,811	2,278	Brazil	1,666	1,347
Honey:			Sudan	670	338
Mexico	4,491	383	Nigeria & Cameroons	339	226
Guatemala	118	15	Other countries	217	112
Argentina	7,043	680	Total	2,892	2,023
West Germany	51	28	Sheep and lamb skins:		
Spain	151	19	Canada (incl. Newfoundland & Labrador)	648	122
Greece	49	22	Argentina	1,815	933
Other countries	460	79	United Kingdom of Great Britain & No. Ireland	939	511
Total	12,363	1,228	Netherlands	378	196
Hides & skins, raw (ex. furs):			Turkey	3,092	1,573
Cattle hides:			United Arab Republic (Syria)	1,417	626
Canada (incl. Newfoundland & Labrador)	11,8	1,718	Iran (Persia)	11,690	5,805
Argentina	485	111	Iraq (Mesopotamia)	162	121
Europe	462	204	Lebanon	1,478	619
Australia	1,548	361	Australia	823	252
Other countries	798	101	New Zealand	32,379	12,710
Total	15,115	2,495	Morocco	256	249
Goat skins:			Nigeria	641	389
Canada (incl. Newfoundland & Labrador)	2,880	1,276	Union of South Africa	500	329
Europe -			Other countries	851	731
Denmark	436	210	Total	1,260	950
Netherlands	234	125	Total	59,029	26,164
France	626	337	Goat and kid skins:		
West Germany	269	164	Peru	1,787	791
Switzerland	491	363	Brazil	2,495	2,229
Poland & Denmark	162	115	Argentina	835	365
Other Europe	102	67	Europe	421	289
Total Europe	2,310	1,381	Iran (Persia)	1,624	956
India	90	59	India	6,733	5,069
			Pakistan	5,669	4,129

IMPORTS (FOR CONSUMPTION): Quantity and value of principal agricultural products, by countries of origin, 1960 - Continued

Commodity imported and country of origin	Year ended December 31		Commodity imported and country of origin	Year ended December 31	
	Quantity	Value		Quantity	Value
ANIMAL PRODUCTS - CONTINUED:					
Hides & skins, raw (ex. furs) - Continued:					
Souls and kid skins - Continued:					
Indonesia, Republic of	1,000	1,000	Donkoi, Smyrna, etc. - Cont.:	1,000	1,000
New Zealand	343	320	Free in bond for manufacture in		
Other Western Africa	432	179	serpets, etc. - Cont.:		
Nigeria & Camerouns	275	210	Lebanon	1,230	667
Small Republic	3,621	3,516	Iraq (Mesopotamia)	8,642	5,521
Ethiopia (Abyssinia)	786	384	Iran (Persia)	764	435
British East Africa	1,229	984	Afghanistan	3,291	1,895
Union of South Africa	1,709	1,242	India	5,611	3,318
Other countries	404	219	Pakistan	13,422	7,434
Total	1,002	734	Outer Mongolia	1,061	660
	20,657	21,616	Other countries	1,246	620
			Total	66,621	37,038
Kangaroo and wallaby skins:			Donkoi, Smyrna, etc.:		
Australia	931	706	Ordinarily dutiable:		
Other countries	0	0	Argentina	160	90
Total	931	706	Iceland	21	18
			Ireland (Eire)	25	17
Deer & elk, buck or doe skins:			United Kingdom of Great		
Canada (incl. Newfoundland & Labrador)	540	225	Britain & No. Ireland	82	72
Peru	54	20	Union of South Africa	1,632	475
Brazil	480	210	Other countries	103	49
West Germany	341	171	Total	2,023	721
New Zealand	158	132	Other wools:		
Small Republic	42	40	Free in bond for manufacture in		
Other countries	172	66	serpets, etc.:		
Total	1,794	864	Argentina	51,455	29,131
			Europe -		
Other hides and skins: 3/			United Kingdom of Great		
Canada (incl. Newfoundland & Labrador)	311	11	Britain & No. Ireland	5,489	3,049
Peru	61	11	Ireland (Eire)	1,239	738
Brazil	733	11	Netherlands	4,092	2,651
Paraguay	128	11	France	1,791	1,050
Argentina	193	11	West Germany	580	347
Denmark	69	11	Spain	956	611
United Kingdom of Great			Italy	966	474
Britain & No. Ireland	62	11	Turkey	1,796	735
West Germany	48	11	Other Europe	622	513
Poland & Danzig	484	11	Total Europe	17,738	10,158
Small Republic	85	11	Pakistan	1,461	793
Union of South Africa	55	11	India	602	321
Other countries	192	11	New Zealand	61,417	32,900
Total	2,421	11	Morocco	1,180	717
			Other countries	1,368	654
			Total	136,819	74,884
Silk, raw:			Other wools:		
Italy	80	307	Ordinarily dutiable:		
Korea, Republic of	254	987	Uruguay	156	68
Japan	6,121	29,933	Argentina	5,482	2,799
Other countries	0	0	France	317	221
Total	6,455	27,227	New Zealand	3,190	1,937
			Other countries	378	242
			Total	9,723	5,267
Wool, unmf'd. (actual weight):			Hair of the camel:		
Free in bond for manufacture in			Free in bond for manufacture in		
serpets, etc. (Complementary) ..	202,500	111,950	serpets, etc.:		
Wool, ordinarily dutiable			United Arab Republic (Syria) ..	13	10
(Complementary)	115,980	84,560	Iraq (Mesopotamia)	16	10
Total wool, unmf'd.	318,480	196,510	Iran (Persia)	30	8
			Other countries	1	2/
			Total	60	28
Donkoi, Smyrna, etc.:			Hair of the camel:		
Free in bond for manufacture in			Ordinarily dutiable:		
serpets, etc.:			Iran (Persia)	9	3
Argentina	10,213	5,061	Afghanistan	86	21
Europe -			Outer Mongolia	46	32
Iceland	873	633	Other countries	1	2/
United Kingdom of Great			Total	142	56
Britain & No. Ireland	575	363	Other wools finer than 40's:		
Ireland (Eire)	1,405	892	Canada (incl. Newfoundland		
France	896	449	& Labrador)	902	462
West Germany	708	444	Uruguay	14,810	9,295
Spain	814	484	Argentina	4,231	2,592
Portugal	741	471	United Kingdom of Great		
Haiti, Goso, & Cyprus	695	262	Britain & No. Ireland	604	400
Italy	1,030	568	France	1,338	1,059
Yugoslavia	454	272	Australia	36,417	23,577
Turkey	3,343	1,384			
Other Europe	622	381			
Total Europe	12,163	6,603			
United Arab Republic (Syria) ..	8,958	4,804			

IMPORTS (FOR CONSUMPTION): Quantity and value of principal agricultural products, by countries of origin, 1960 - Continued

Commodity imported and country of origin	Year ended December 31		Commodity imported and country of origin	Year ended December 31	
	Quantity	Value		Quantity	Value
ANIMAL PRODUCTS - CONTINUED:	1,000	1,000	Ropes, hoops, & horns, unmd. - Continued:	2,240 lb.	1,000
Wool, unmd. (clean weight) - Cont:	pounds	dollars	India - Continued:	tons	
Other wools - Continued:			India	7,339	565
Other wools (finer than 40's - Cont:			United Arab Republic (Egypt)	3,258	196
New Zealand	9,100	5,613	Other countries	5,789	252
Union of South Africa	26,463	16,190	Total	51,582	1,350
Other countries	1,193	788		1,000	
Total	95,058	59,974	Wool, sorted, bunched or greasy:	pounds	
Hair of the Angora goat (mohair):			Europe -		
Iran (Persia)	7	3	United Kingdom of Great Britain & Mo. Ireland	58	375
Union of South Africa	30	33	Netherlands	24	73
Other countries	0	0	France	98	184
Total	37	36	West Germany	1,893	3,756
Hair of the alpaca, llama, and vicuña:			Poland & Danzig	169	266
Peru	2,549	2,523	U. S. S. R. (Russia)	27	145
Bolivia	21	181	Yugoslavia	191	377
Chile	133	208	Other Europe	131	277
Argentina	57	32	Total Europe	2,131	5,251
Other countries	0	0	India	247	2,233
Total	2,760	2,944	Korea, Republic of	20	718
Hair of the Cashmere goat:			Taiwan (Formosa)	173	361
Iran (Persia)	4,321	9,228	Japan	145	242
Afghanistan	405	971	Other countries	85	154
India	206	400	Total	3,591	9,159
Outer Mongolia	350	1,174			
Other countries	150	166	Feathers, crude:		
Total	5,532	11,944	Europe -		
Hair of Angora rabbit, etc.:			France	251	640
Argentina	113	598	Czechoslovakia	123	171
France	241	1,629	Hungary	126	277
Czechoslovakia	123	639	Poland & Danzig	484	770
West Germany	32	178	Italy	41	65
Japan	127	675	Yugoslavia	48	59
Other countries	32	200	Other Europe	73	163
Total	688	3,919	Total Europe	1,116	2,192
Wool, carbonized:			Thailand (Siam)	184	94
Argentina	11	6	Viet-Nam	395	238
United Kingdom of Great Britain & Mo. Ireland	10	12	Taiwan (Formosa)	1,066	1,046
Belgium & Luxembourg	7	7	Union of South Africa	64	312
Australia	11	10	Other countries	177	177
Union of South Africa	73	63	Total	3,092	4,012
Other countries	3	6			
Total	117	104	Gelatin, edible:		
Animal hair, unmd.:			Canada (incl. Newfoundland & Labrador)	590	258
Canada (incl. Newfoundland & Labrador)	1,864	320	Europe -		
Mexico	398	349	United Kingdom of Great Britain & Mo. Ireland	1,763	695
Uruguay	240	208	Netherlands	561	232
Argentina	2,009	2,531	Belgium & Luxembourg	2,642	1,122
United Kingdom of Great Britain & Mo. Ireland	126	128	France	2,396	1,263
Belgium & Luxembourg	322	244	Other Europe	382	156
France	181	185	Total Europe	7,714	3,468
West Germany	49	410	Australia	131	57
Spain	72	114	Other countries	0	0
Greece	356	164	Total	8,436	3,783
Turkey	379	151			
Iran (Persia)	1,177	373	Gelatin, inedible:		
Pakistan	1,930	578	Uruguay	455	52
Outer Mongolia	351	111	Netherlands	2,536	484
Japan	857	137	Belgium & Luxembourg	474	88
Other countries	511	461	West Germany	4,966	890
Total	10,967	6,464	Switzerland	713	82
Ropes, hoops, & horns, unmd.:	2,240 lb.		Italy	628	124
Canada (incl. Newfoundland & Labrador)	698	57	Other countries	503	92
Cuba	2,981	67	Total	-10,275	1,812
Brazil	3,840	309			
Paraguay	316	31	VEGETABLE PRODUCTS		
Uruguay	629	60	Cocoa or Cocoa Beans:		
Argentina	36,165	1,768	Latin American Republics and Canal Zone		
Italy	586	39	Mexico	5,271	1,309
Turkey	961	46	Costa Rica	13,242	3,314
			Panama, Republic of	6,626	1,617
			Cuba	1,455	306
			Haiti	2,588	608
			Dominican Republic	57,766	14,297
			Venezuela	14,072	3,933
			Ecuador	49,031	12,416
			Brazil	133,201	32,492

IMPORTS (FOR CONSUMPTION): Quantity and value of principal agricultural products, by countries of origin, 1960 1/ - Continued

Commodity imported and country of origin	Year ended December 31		Commodity imported and country of origin	Year ended December 31	
	Quantity	Value		Quantity	Value
VEGETABLE PRODUCTS - CONTINUED:	1,000	1,000		1,000	1,000
Cocoa or cacao beans - Cont.:	pounds	dollars		pounds	dollars
Latin American Republics and Canal Zone 4/- continued			Coffee - Continued:		
Other L. A. Republics	2,542	622	Ethiopia (Abyssinia)	74,509	24,669
Total L. A. Republics and Canal Zone	285,794	70,914	British East Africa	123,336	29,618
British West Indies 4/	10,304	3,157	Malaysia Republic	11,037	2,073
Surinam (Netherlands Guiana)	2,961	718	Other countries	18,956	5,432
New Guinea (Australian)	1,939	518	Total	2,920,530	1,003,989
New Zealand	2,129	546			
Other Spanish Africa	4,189	1,072	Coffee essences, substitutes, etc.:		
Cameroun	10,411	2,950	Guatemala	513	635
Other West.ern Africa	24,695	6,969	El Salvador	2,047	3,405
Ghana	131,353	25,837	Other countries	2,062	4,097
Nigeria; & Cameroons	74,103	19,535	Total	73	28
Other Western Portuguese Africa	1,395	385			
Other countries	1,633	472	Tea:		
Total	550,906	143,073	Canada (Incl. Newfoundland & Labrador)	962	823
			United Kingdom of Great Britain & No. Ireland	2,325	1,524
Cocoa & chocolate, unmanufactured:			Netherlands	2,923	1,833
Dominican Republic	19,862	5,353	India	24,769	13,942
Brazil	31,893	3,317	Ceylon	48,318	24,777
Europe			Indonesia, Republic of	15,226	6,220
United Kingdom of Great Britain & No. Ireland	2,937	699	Taiwan (Formosa)	8,131	2,050
Netherlands	32,600	8,364	Japan	2,421	620
France	3,486	724	Republic of the Congo; & Ruanda-Urundi	986	515
West Germany	11,981	2,072	British East Africa	5,304	2,844
Italy	3,878	802	Mozambique	1,324	508
Other Europe	626	183	Other countries	2,483	1,212
Total Europe	58,508	12,854	Total	115,172	56,474
Cameroun	2,791	376			
Ghana	2,321	928	Fibers:		
Other countries	1,644	322	Cotton, raw:		
Total	114,019	23,150	Mexico	13,821	4,129
			Peru	7,425	3,324
Cocoa & chocolate, manufactured:			India	3,075	655
Canada (Incl. Newfoundland & Labrador)			Pakistan	6,404	1,389
Dominican Republic	920	148	United Arab Republic (Egypt)	32,825	12,911
Europe			Other countries	838	175
Denmark	127	86	Total	64,388	22,543
United Kingdom of Great Britain & No. Ireland	1,861	842			
Netherlands	4,074	1,801	Cotton lintens:		
Belgium & Luxembourg	724	289	Mexico	39,065	2,099
West Germany	1,093	690	El Salvador	3,796	134
Switzerland	1,618	1,068	Nicaragua	3,396	104
Italy	217	137	Brazil	7,475	416
Other Europe	410	191	Belgium & Luxembourg	2,324	151
Total Europe	10,124	3,104	U. S. S. R. (Russia)	15,652	680
Israel	271	117	United Arab Republic (Syria)	1,798	75
Other countries	22	7	Other countries	8,451	386
Total	11,504	3,471	Total	81,557	4,055
				2,240 lb.	175
Coffee:					
Latin American Republics and Canal Zone 4/-			Grain, ventral:	tons	
Mexico	145,514	37,621	Morocco	149	12
Guatemala	105,663	40,932	Other countries	0	0
El Salvador	98,936	22,337	Total	149	12
Honduras	43,921	15,474			
Nicaragua	23,156	8,423	Flax, unmanufactured:		
Costa Rica	35,883	14,150	Netherlands	157	65
Haiti	8,449	2,634	Belgium & Luxembourg	1,841	830
Dominican Republic	53,348	19,096	Other countries	142	35
Colombia	560,973	244,469	Total	2,140	930
Venezuela	45,588	17,988			
Ecuador	43,286	14,536	Hemp, unmanufactured:		
Paru	45,887	15,645	Yugoslavia	65	26
Brazil	1,223,606	398,889	Other countries	0	0
Paraguay	4,608	1,282	Total	65	26
Other L. A. Republics	4,358	1,420			
Total L. A. Republics and Canal Zone	2,402,733	874,896	Latex or Yampou:		
Cameroun	4,704	871	Mexico	1,073	200
Other Western Africa	86,969	15,895	Belgium & Luxembourg	2,462	1
Other British West Africa	6,654	1,176	Other countries	0	0
Angola	106,129	23,727	Total	3,535	201
Republic of the Congo; & Ruanda-Urundi	85,261	25,631			
			Wool and wool tops, unmdf.:		
			India	1,421	117
			Pakistan	31,739	8,847
			Other countries	1,439	181
			Total	34,599	9,145

IMPORTS (FOR CONSUMPTION): Quantity and value of principal agricultural products,
 by countries of origin, 1960 // - Continued

Commodity imported and country of origin	Year ended December 31		Commodity imported and country of origin	Year ended December 31	
	Quantity	Value		Quantity	Value
VEGETABLE PRODUCTS - CONTINUED:	2,240 lb.	1,000	Bananas - Continued:	1,000	1,000
Fibers - Continued:	tons	dollars	Latin American Republics and Canal Zone 2/- continued	bunches	dollars
Kaoh:			Colombia	249	337
Thailand (Siam)	7,036	2,172	Ecuador	25,430	30,948
Indonesia, Republic of	1,912	609	Other L. A. Republics	372	537
Other countries	502	166	Total L. A. Republics and Canal Zone	56,379	78,633
Total	9,450	2,947	Other countries	6	6
Alses or manila:			Total	56,385	78,639
Singapore, Col. of; Br. Borneo	1,117	569	Berries, natural or in brine:	1,000	
Rep. of the Philippines	19,372	9,868	Blueberries:		
Other countries	529	25	Canada (Incl. Newfoundland & Labrador)	7,939	1,250
Total	20,918	10,552	Other countries	0	0
Sisal and hantsuen:			Other berries:		
Mexico	23,950	4,085	Canada (Incl. Newfoundland & Labrador)	4,600	833
Haiti	19,850	3,083	Mexico	52	43
Brazil	18,049	3,266	Other countries	82	20
Indonesia, Republic of	2,769	495	Total	13,183	2,146
Angola	1,419	261	Berries, frozen:		
British East Africa	24,762	4,977	Blueberries:		
Mozambique	7,906	1,570	Canada (Incl. Newfoundland & Labrador)	5,498	1,118
Other countries	1,735	316	France	323	50
Total	95,440	18,053	Other countries	344	54
Other vegetable fibers: 7/			Other berries:		
Mexico	772	111	Canada (Incl. Newfoundland & Labrador)	913	144
Brazil	650	166	Mexico	25,017	3,223
United Kingdom of Great Britain & No. Ireland	223	50	Other countries	1,026	151
India	3,221	565	Total	33,191	4,750
Rep. of the Philippines	1,613	432	Berries, dried, evaporated, etc.:		
Nigeria; & Cameroons	867	203	Blueberries:		
Other British West Africa	975	208	Sweden	12	3
Malaysian Republic	279	158	Other countries	2	2/
Other countries	475	98	Other berries:		
Total	9,075	1,921	Mexico	1,210	170
Druas, herbs, roots, etc.:	1,000		Sweden	922	210
Licorice root, crude:	pounds		Netherlands	501	72
U. S. S. R. (Russia)	8,994	405	Other countries	142	44
Greece	3,498	166	Total	2,769	499
Turkey	7,795	270	Cherries, natural, sulphured or in brine:		
United Arab Republic (Syria)	614	32	Canada (Incl. Newfoundland & Labrador)	323	91
Iran (Mesopotamia)	6,494	287	Spain	1,085	232
Iran (Persia)	18,082	612	Italy	5,215	1,162
Other countries	8	2	Other countries	287	84
Total	55,485	1,774	Total	6,910	1,569
Onium, crude:			Cherries, dried, prepared or preserved:		
Turkey	43	385	France	7,780	1,983
India	373	2,479	Italy	334	94
Other countries	0	0	Other countries	8	2
Total	416	2,864	Total	8,122	2,079
Ornithum or insect flowers (advanced in value or condition):			Dates, fresh, dried, prepared:		
Ecuador	24	162	Iran (Mesopotamia)	25,615	1,947
Republic of the Congo; & Ruanda-Urundi	173	1,652	Iran (Persia)	11,998	982
British East Africa	363	3,458	Other countries	228	17
Union of South Africa	5	49	Total	37,841	2,946
Other countries	12	98	Figs, fresh, dried, or prepared:		
Total	577	5,419	Portugal	7,509	570
Fruits:	1,000		Italy	855	131
Apples, green or ripe (50 lb.):	bunches		Greece	3,630	432
Canada (Incl. Newfoundland & Labrador)	765	3,469	Turkey	13,169	1,131
Argentina	58	175	Other countries	3	1
Other countries	21	99	Total	20,216	2,265
Total	844	3,743	Grapes (50 lb.):	1,000	
Bananas:	1,000		Canada (Incl. Newfoundland & Labrador)	50	651
Latin American Republics and Canal Zone 2/-	bunches		Chile	474	664
Mexico	227	482			
Costa Rica	5,455	8,277			
Costa Rica	8,927	12,261			
Panama, Republic of	5,364	8,463			
Dominican Republic	8,398	13,159			
	2,357	4,169			

IMPORTS (FOR CONSUMPTION): Quantity and value of principal agricultural products, by countries of origin, 1960 1/2 - Continued

Commodity imported and country of origin	Year ended December 31		Commodity imported and country of origin	Year ended December 31	
	Quantity	Value		Quantity	Value
VEGETABLE PRODUCTS - CONTINUED:	1,000	1,000	Fruit juices:	1,000	1,000
Fruits - Continued:	cu. ft.	dollars	Cherry, orange, etc.:	gallons	dollars
Grapes (40 lb.) - Continued:			Cuba	35	28
Union of South Africa	108	302	Netherlands	109	400
Other countries	8	26	France	15	35
Total	1,007	1,643	West Germany	25	100
Leaves:	1,000		Austria	10	48
Mexico	4,588	281	Yugoslavia	103	474
Cuba	709	33	Other countries	30	78
Other countries	6	1	Total	327	1,163
Total	5,303	315	Citrus fruit juices:		
Watermelons:			Mexico	1,956	1,183
Mexico	71,656	2,205	United Kingdom of Great		
Other countries	138	9	Britain & No. Ireland	525	1,341
Total	71,794	2,214	Italy	154	62
Other melons:			Other countries	6	6
Mexico	86,668	4,501	Total	2,641	2,592
Chile	14,605	678	Pineapple juice:		
Spain	11,230	498	Rep. of the Philippines	4,860	3,937
Other countries	292	17	Other countries	24	39
Total	114,822	5,694	Total	4,884	3,976
Olives in brine:	gallons		Wines and other beverages:		
Spain	14,456	17,553	Champagne & other sparkling wine:		
Portugal	196	231	France	671	6,717
Greece	653	859	West Germany	25	149
Other countries	214	260	Portugal	111	305
Total	15,519	18,903	Italy	117	557
Oranges, fresh:	1,000		Other countries	16	103
Mexico	21,617	779	Total	240	7,831
Cuba	4,213	92	Still wines:		
Japan	1,072	214	Denmark	201	864
Other countries	37	3	France	2,896	10,860
Total	26,944	1,088	West Germany	911	3,448
Mandarin oranges, canned:			Spain	637	3,364
Japan	35,191	6,767	Portugal	258	939
Other countries	115	28	Italy	4,347	12,173
Total	35,307	6,795	Greece	103	226
Peanut, green, pine, in brine:			Israel	104	156
Canada (incl. Newfoundland			Japan	133	366
& Labrador)	1,484	107	Other countries	206	579
Argentina	13,830	903	Total	9,795	32,955
Chile	799	51	Malt liquors:		
Other countries	0	0	Canada (incl. Newfoundland		
Total	16,113	1,061	& Labrador)	3,999	4,986
Pineapples, fresh (2.45 cu. ft.):	crates		Mexico	245	186
Cuba	622	1,287	Denmark	755	987
Other countries	2	8	United Kingdom of Great		
Total	624	1,293	Britain & No. Ireland	177	244
Pineapples, fresh:	Thousands		Ireland (Eire)	291	367
Mexico	8,440	421	Netherlands	2,600	2,888
Cuba	1,708	76	West Germany	4,221	4,438
Other countries	0	0	Rep. of the Philippines	128	192
Total	10,148	497	Other countries	37	465
Pineapples, canned:	pounds		Total	12,441	14,733
Mexico	17,137	2,148	Grains and grain products:	1,000	
Cuba	11,985	1,316	Barley, grain (48 lb.):	bushels	
Federation of Malaya	3,256	374	Canada (incl. Newfoundland		
Rep. of the Philippines	41,977	4,430	& Labrador)	10,941	14,103
Taiwan (Formosa)	16,524	1,700	Denmark	114	171
Australia	3,738	464	Other countries	142	236
Union of South Africa	4,095	430	Total	11,197	14,510
Other countries	204	20	Barley malt:	1,000	
Total	98,336	10,887	Canada (incl. Newfoundland		
Pineapples, prepared or			& Labrador)	136,915	7,375
preserved:			Other countries	0	0
Mexico	1,834	238	Total	136,915	7,375
Cuba	12,864	1,853	Corn, grain (56 lb.):	1,000	
Rep. of the Philippines	4,785	529	Canada (incl. Newfoundland		
Taiwan (Formosa)	909	90	& Labrador)	45	322
Other countries	1,253	154	Dominican Republic	690	1,123
Total	21,645	2,864	Peru	30	101
			Paraguay	182	237
			Argentina	84	127

IMPORTS (FOR CONSUMPTION): Quantity and value of principal agricultural products,
 by countries of origin, 1960 $\frac{1}{2}$ - Continued

Commodity imported and country of origin	Year ended December 31		Commodity imported and country of origin	Year ended December 31	
	Quantity	Value		Quantity	Value
VEGETABLE PRODUCTS - CONTINUED:	1,000	1,000	Mixed feeds:	2,000 lb.	1,000
Grains & grain products - Cont.	bushels	dollars	Canada (incl. Newfoundland & Labrador)	tons	dollars
Corn, grain (56 lb.) - Cont.			.....	5,190	244
Other countries	65	69	Mexico	43,908	1,834
Total	1,065	1,979	Other countries	526	35
			Total	49,624	2,113
Oats, grain (32 lb.):			Coconut or copra oil cake and all-cake meal:	1,000	
Canada (incl. Newfoundland & Labrador)	1,324	1,516	.....	pounds	
Other countries	2/	2/	Rep. of the Philippines	16,220	436
Total	1,324	1,516	Other countries	0	0
	1,000		Total	16,220	436
Rice, broken:			Cottonseed oil cake and all-cake meal:		
Canada (incl. Newfoundland & Labrador)	3,864	235	.....	
Netherlands	3,806	140	Mexico	62,608	1,690
Belgium & Luxembourg	2,688	129	Haiti	826	21
West Germany	51,372	2,013	Other countries	0	0
Other countries	2	1	Total	63,434	1,701
Total	61,732	2,518			
Rye, grain (56 lb.):	1,000		Screenings, screenings, etc. except flaxseed:	2,000 lb.	
Canada (incl. Newfoundland & Labrador)	2,824	3,221	.....	tons	
Other countries	0	0	Canada (incl. Newfoundland & Labrador)	116,982	2,043
Total	2,824	3,221	Other countries	314	10
			Total	117,296	2,053
Wheat, grain (60 lb.):			Hops:	1,000	
For domestic use:			West Germany	pounds	
Unit for human consumption:			Yugoslavia	2,130	1,387
Canada (incl. Newfoundland & Labrador)	6,183	10,255	Other countries	2,662	1,481
Other countries	0	0	Total	4,792	2,868
Other wheat grain:			Nursery and greenhouse stock:		
Canada (incl. Newfoundland & Labrador)	821	1,276	Winefruit bulbs:	Thousands	
Other countries	2/	2/	Netherlands	27,318	1,976
For milling in bond & export:			Other countries	160	9
In Cuba	0	0	Total	27,478	1,985
In other countries:			Tulip bulbs:		
Canada (incl. Newfoundland & Labrador)	257	411	Netherlands	156,356	5,231
Other countries	0	0	Japan	15,836	204
Total	7,261	11,942	Other countries	975	21
			Total	173,166	5,456
Wheat flour:	1,000		Other bulbs, bulb roots, & corms:		
Canada (incl. Newfoundland & Labrador)	6,083	286	Denmark	3,564	17
Other countries	0	0	Netherlands	296,427	5,133
Total	6,083	286	Belgium & Luxembourg	13,955	951
			West Germany	1,139	56
Biscuits, wafers, cakes, etc. $\frac{1}{2}$:			Japan	16,081	370
Canada (incl. Newfoundland & Labrador)		2,000	Other countries	5,854	197
Europe -			Total	338,960	6,724
Sweden	198		Nuts:	1,000	
Denmark	201		Almonds, shelled:		
United Kingdom of Great Britain & No. Ireland	3,211		Spain	675	302
Netherlands	612		Other countries	34	13
Belgium & Luxembourg	353		Total	709	315
France	140		Brazil nuts, shelled:		
West Germany	359		Bolivia	1,406	847
Switzerland	569		Brazil	7,074	3,547
Italy	114		United Kingdom of Great Britain & No. Ireland	197	164
Other Europe	237		Other countries	771	169
Total Europe	5,924		Total	8,948	5,107
Japan	276		Brazil nuts, not shelled:		
Other countries	120		Brazil	19,042	3,673
Total	8,320		Other countries	0	0
			Total	19,042	3,673
Feeds:	2,000 lb.		Cashew nuts:		
Bean shorts, etc. of wheat:	tons		Brazil	1,218	382
Canada (incl. Newfoundland & Labrador)	54,943	2,603	India	59,085	25,983
Cuba	2,160	86	Other Portuguese Asia	1,375	630
Haiti	4,816	178	British East Africa	380	151
Dominican Republic	4,175	141	Mozambique	2,128	880
Other countries	514	18			
Total	66,608	3,026			

EXPORTS (FOR CONSUMPTION): Quantity and value of principal agricultural products,
 by countries of origin, 1960 1/2 - Continued

Commodity imported and country of origin	Year ended December 31		Commodity imported and country of origin	Year ended December 31	
	Quantity	Value		Quantity	Value
VEGETABLE PRODUCTS - CONTINUED:	1,000	1,000		1,000	1,000
Nuts - Continued:	pounds	dollars		pounds	dollars
Cashew nuts - Continued:			Cacao butter - Continued:		
Other countries	152	56	Other countries	734	371
Total	64,338	28,082	Total	14,036	7,183
Chestnuts, including marrons, cups, dried, or baked:			Carnauba wax:		
Italy	16,251	1,666	Surinam (Netherlands Guiana)	96	63
Other countries	85	9	Brazil	12,135	8,605
Total	16,336	1,675	Other countries	16	10
Coconut meat, fresh, frozen, shredded, desiccated, etc.:			Total	12,267	8,679
Rep. of the Philippines	113,919	17,147	Caster oil:		
Other countries	152	28	Brazil	41,955	4,591
Total	114,078	17,175	West Germany	5,997	930
Filberts, shelled:			Yugoslavia	5,290	800
Spain	208	92	India	49,921	7,219
Italy	413	208	Angola	1,350	186
Turkey	5,976	2,670	Republic of the Congo & Ruanda-Urundi	703	100
Other countries	160	71	Other countries	2,235	304
Total	6,757	3,041	Total	107,431	14,130
Pistache nuts, shelled:			Coconut oil:		
Italy	25	32	Netherlands	22,394	3,240
Turkey	61	58	France	4,816	737
Iran (Persia)	65	40	West Germany	1,120	166
Afghanistan	50	40	Ceylon	3,468	519
Other countries	1	1	Federation of Malaya	1,828	317
Total	202	171	Rep. of the Philippines	121,579	15,045
Pistache nuts, not shelled:			Other countries	957	137
Turkey	7,711	3,238	Total	156,162	20,181
Iran (Persia)	3,065	1,616	Oilseed oil:		
Afghanistan	379	147	Brazil	14,827	1,667
Other countries	202	88	Other countries	0	0
Total	11,367	5,089	Total	14,827	1,667
Walnuts, shelled:			Olive oil, edible:		
France	145	82	Argentina	656	148
Italy	455	209	Spain	33,991	7,654
Free Territory of Trieste	141	70	Italy	14,354	4,266
Turkey	2,407	1,221	Greece	357	139
Iran (Persia)	1,406	660	Tunisia	1,150	242
India	1,258	556	Other countries	421	130
Other countries	175	91	Total	51,129	12,579
Total	5,287	2,889	Palm oil:		
Olseeds:			Costa Rica	1,108	90
Caster beans:			Indonesia, Republic of	4,227	372
Haiti	1,463	104	Republic of the Congo & Ruanda-Urundi	40,234	4,403
Ecuador	1,344	94	Other countries	1,289	146
Paraguay	225	10	Total	46,818	5,011
Other countries	1	2/	Palm kernel oil, edible & inedible:		
Total	3,033	208	United Kingdom of Great Britain & No. Ireland	12,219	1,822
Onions:			Netherlands	16,462	2,591
Rep. of the Philippines	758,120	61,482	Republic of the Congo & Ruanda-Urundi	59,636	8,473
Trust Territory of the Pacific Islands	21,941	1,989	Other countries	0	0
Other countries	0	0	Total	88,317	12,886
Total	780,061	63,471	Tuna oil:		
Sesame seed:			Paraguay	3,060	467
Guatemala	1,159	116	Argentina	19,712	3,921
El Salvador	1,952	194	Other countries	484	85
Nicaragua	13,260	2,046	Total	23,256	4,474
India	279	46	Oil, essential or distilled:		
Other countries	728	92	Citronella oil:		
Total	17,378	2,494	Guatemala	266	206
Oils, expressed or extracted:			Ceylon	89	82
Cacao butter:			Taiwan (Formosa)	1,687	1,313
Mexico	321	172	Other countries	50	67
Cuba	270	123	Total	2,132	1,668
Dominican Republic	1,232	336	Geranium oil:		
Brazil	9,817	5,012	France	66	1,473
Italy	895	500	Morocco	7	132
Rep. of the Philippines	807	399			

IMPORTS (FOR CONSUMPTION): Quantity and value of principal agricultural products, by countries of origin, 1960 ¹/₂ - Continued

Commodity imported and country of origin	Year ended December 31		Commodity imported and country of origin	Year ended December 31	
	Quantity	Value		Quantity	Value
VEGETABLE PRODUCTS - CONTINUED:	1,000	1,000		1,000	1,000
Oils, essential or distilled - Continued:	Rounds	Dollars		Rounds	Dollars
Garopium oil - Continued:			Other rubber, crude:		
Algeria	23	461	Ceylon	28,406	10,879
Republic of the Congo; & Ruanda-Urundi	4	51	Thailand (Siam)	116,465	38,768
Malagasy Republic	42	822	Viet-Nam	4,275	1,501
Other countries	4	64	Cambodia	19,090	6,437
Total	146	3,003	Federation of Malaya	208,931	77,481
Levon grass oil:			Singapore, Col. of; Br. Borneo	25,132	8,750
Gustamels	368	469	Indonesia, Republic of	298,571	96,084
India	1,108	1,772	Liberia	34,794	11,518
Other countries	21	30	Republic of the Congo; & Ruanda-Urundi	46,761	16,920
Total	1,497	2,271	Other countries	22,373	7,721
Seeds, field and garden:			Total	5,117	1,748
Kentucky bluegrass:			809,914	277,807	
Sweden	153	74	Gutta balata:		
Denmark	2,170	798	Panama, Republic of	163	116
Netherlands	3,914	1,425	Venezuela	468	256
Other countries	52	23	Brazil	4,648	1,910
Total	6,289	2,330	Surinam (Netherlands Guiana)	341	229
Espeas:			Other countries	107	55
Canada (incl. Newfoundland & Labrador)	9,801	1,850	Total	5,667	2,632
Denmark	2,079	413	Jelutong or pontianak:		
Netherlands	1,559	317	Federation of Malaya	587	292
Other countries	2	2	Singapore, Col. of; Br. Borneo	693	342
Total	13,442	2,567	Indonesia, Republic of	825	392
Soiges:			Other countries	0	0
Cassia and cassia vera, unground:			Total	2,102	1,026
Viet-Nam	2,272	844	Gutta percha and other guttas:		
Indonesia, Republic of	3,570	1,919	Federation of Malaya	294	223
Other countries	313	71	Singapore, Col. of; Br. Borneo	163	119
Total	11,155	2,834	Indonesia, Republic of	20	59
Mustard seeds, whole:			Nigeria; & Camerouns	227	117
Canada (incl. Newfoundland & Labrador)	21,743	1,407	Other countries	14	11
Denmark	6,299	509	Total	718	529
Ethiopia (Abyssinia)	185	17	Sugar, cane, raw:		
Other countries	187	20	Latin American Republics and Canal Zone ^a /-		
Total	28,414	1,923	Mexico	770,737	43,487
Nutmeg, unground:			Nicaragua	70,263	3,951
British West Indies ^b /	706	825	Costa Rica	19,614	1,195
Singapore, Col. of; Br. Borneo	225	236	Cuba	4,433,965	234,999
Indonesia, Republic of	2,579	2,505	Haiti	66,222	3,379
Other countries	160	108	Dominican Republic	851,082	43,057
Total	3,670	3,674	Peru	516,267	27,068
Peppoz, unground:			Brazil	201,599	10,903
Brazil	1,695	954	Other L. A. Republics	22,336	1,446
India	21,135	9,616	Total L. A. Republics and Canal Zone	6,952,115	369,486
Ceylon	1,320	708	British West Indies ^b /	136,267	7,730
Singapore, Col. of; Br. Borneo	806	426	British Guiana	63,972	3,650
Indonesia, Republic of	15,100	8,298	Rep. of the Philippines	2,183,634	123,730
Other countries	79	38	Taiwan (Formosa)	20,172	1,281
Total	40,135	20,040	Other countries	20,377	1,179
Vanilla beans:			Total	9,376,537	507,055
Mexico	214	2,287	Molasses unfit for human consumption:		
France	27	179	Canada (incl. Newfoundland & Labrador)	1,534	194
Indonesia, Republic of	42	163	Mexico	75,634	5,803
French Pacific Islands	19	121	Cuba	229,271	18,584
Malagasy Republic	733	8,474	Dominican Republic	62,281	4,473
Other countries	13	166	Peru	5,629	259
Total	1,048	11,350	French West Indies	4,568	268
Rubber and allied coms:			British West Indies ^b /	29,990	2,432
Milk of, or latex:			Netherlands	2,360	416
Viet-Nam	4,309	1,649	France	5,244	592
Federation of Malaya	34,708	14,149	Rumania	4,660	519
Singapore, Col. of; Br. Borneo	8,289	3,378	Turkey	5,384	875
Indonesia, Republic of	32,067	11,916	Indonesia, Republic of	2,276	251
Liberia	29,911	12,661	Rep. of the Philippines	6,406	229
Other countries	831	212	Taiwan (Formosa)	5,674	502
Total	110,202	43,965	Other countries	9,183	689
			Total	449,274	36,152

IMPORTS (FOR CONSUMPTION): Quantity and value of principal agricultural products, by countries of origin, 1960 1/2 - Continued

Commodity imported and country of origin	Year ended December 31		Commodity imported and country of origin	Year ended December 31	
	Quantity	Value		Quantity	Value
VEGETABLE PRODUCTS - CONTINUED:	1,000	1,000		1,000	1,000
Other melons & water melons:	gallons	gallons	Garlic - Continued:	pounds	dollars
Canada (incl. Newfoundland & Labrador)	124	143	Peru	1,345	193
Cuba	8,341	4,064	Chile	827	139
Dominican Republic	809	369	Spain	1,283	117
British West Indies &/	584	452	Italy	7,145	684
Other countries	34	33	Other countries	339	51
Total	9,892	5,081	Total	23,483	2,367
Apple sugar and maple syrup:	1,000		Onions:		
Canada (incl. Newfoundland & Labrador)	pounds		Mexico	17,255	1,035
Other countries	15,751	5,274	Chile	8,263	251
Total	15,751	5,274	Netherlands	198	13
Tobacco, unmanufactured:			Italy	5,409	346
Leaf for cigar wrappers:			Other countries	165	12
Cuba	593	2,742	Total	31,290	1,657
Other countries	5	22	Pass, green or unripe, (except		
Total	598	2,764	comps and chickens):		
Clear leaf filler (stemmed and			Canada (incl. Newfoundland		
unstemmed):			& Labrador)	529	62
Cuba	11,055	15,768	Mexico	4,906	375
Dominican Republic	292	123	Japan	103	31
Rep. of the Philippines	614	177	Other countries	324	28
Other countries	321	72	Total	5,689	496
Total	12,282	16,140	Pass, dry, ripe:		
Cigarette leaf, unstemmed:			Canada (incl. Newfoundland		
Europe -			& Labrador)	549	40
Haiti, Gozo, & Cyprus	1,133	505	Dominican Republic	779	52
Italy	1,948	1,267	Peru	180	15
Yugoslavia	5,482	3,805	New Zealand	624	44
Greece	32,310	26,236	The Federation of Rhodesia &		
Turkey	74,379	50,323	Nyasaland	129	7
Other Europe	439	333	Other countries	95	10
Total Europe	115,691	82,532	Total	2,357	168
Lebanon	1,980	1,385	Peppers, green:		
The Federation of Rhodesia &			Mexico	22,183	2,311
Nyasaland	370	268	Cuba	442	44
Other countries	786	237	Other countries	191	10
Total	118,627	84,485	Total	22,816	2,365
Scrap tobacco:			Potatoes, white or Irish:		
Cuba	13,795	8,059	Certified seed:		
Peru	1,691	560	Canada (incl. Newfoundland		
Rep. of the Philippines	9,886	2,966	& Labrador)	46,697	1,476
Other countries	1,547	458	Other countries	0	0
Total	26,919	12,043	Other potatoes (table stock):		
Vegetables and preparations:			Canada (incl. Newfoundland		
Beans, dry, ripe:			& Labrador)	4,618	166
Dominican Republic	289	23	Other countries	0	0
Peru	1,179	78	Total	51,315	1,642
Chile	5,870	680	Tomatoes, natural state:		
Azores	113	10	Canada (incl. Newfoundland		
Portugal	468	47	& Labrador)	2,229	209
Italy	1,001	119	Mexico	251,822	20,476
Japan	269	42	Cuba	46,619	2,501
Other countries	387	56	British West Indies &/	9,551	594
Total	9,576	1,025	Other countries	2,497	85
Cucumbers:			Total	312,718	23,865
Canada (incl. Newfoundland			Turnips and rutabagas:		
& Labrador)	1,482	216	Canada (incl. Newfoundland		
Mexico	8,744	736	& Labrador)	93,079	2,464
Cuba	44,376	1,361	Other countries	0	0
British West Indies &/	10,772	429	Total	93,079	2,464
Other countries	27	1	Mushrooms, canned:		
Total	65,401	2,742	France	1,307	906
Equivalent, fresh:			Japan	901	540
Mexico	1,799	197	Other countries	84	73
Cuba	2,609	125	Total	2,292	1,519
Other countries	7	2/	Tomatoes, canned:		
Total	4,413	322	Canada (incl. Newfoundland		
Garlic:			& Labrador)	108,896	8,464
Mexico	12,544	1,383	Italy	329	37
			Other countries	109,225	8,501

IMPORTS (FOR CONSUMPTION): Quantity and value of principal agricultural products,
by countries of origin, 1960 1/2 - Continued

Commodity imported and country of origin	Year ended December 31		Commodity imported and country of origin	Year ended December 31	
	Quantity	Value		Quantity	Value
VEGETABLE PRODUCTS - CONTINUED:	1,000	1,000	Arrowroot, crude, or mfd.,	1,000	1,000
Vegetables & preparations - Cont.:	pounds	dollars	starch and flour - Cont.:	pounds	dollars
Vegetable waste and refuse, canned:			British West Indies 5/	3,884	505
Mexico	320	17	Other countries	4	1
Portugal	437	48	Total	4,665	571
Italy	8,186	1,127			
Other countries	35	3	Tapioca, tapioca flour and		
Total	8,977	1,195	cassava:		
			Cuba	1,501	64
Starchy substances:			Brazil	76,424	2,856
Arrowroot, crude, or			Thailand (Siam)	196,604	6,819
manufactured, starch and flour:			Other countries	3,451	237
Brazil	777	65	Total	279,980	9,976

1/ Preliminary.

2/ Less than 500.

3/ Excludes poultry.

4/ The Latin American Republics include Costa Rica, Guatemala, Honduras, Nicaragua, Panama Republic, El Salvador, Mexico, Cuba, Dominican Republic, Haiti, Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela, and Canal Zone.

5/ Reported in value only.

6/ The British West Indies include the Bahamas, Bermuda, Barbados, Jamaica, Trinidad and Tobago, and the Leeward and Windward Islands.

7/ Other vegetable fibers include coir fiber, manny or cantals, palmyra, piassava, palm leaf fibers, raffia, ramie or China grass, sunn, and fibers not elsewhere specified.

The CHAIRMAN. Senator Anderson?

Senator ANDERSON. You refer to section 213 as containing a special provision under which the President is authorized to exceed the 50 percent limitation on tropical agricultural and forestry commodities not produced in significant quantities in the United States. Could you give an example of forestry commodities that might be involved in that?

Secretary HODGES. We have a list of them that appears in the Ways and Means hearings on page 389 starting with coconut oil, ginger root, lumber, et cetera, Spanish lumber, Spanish cedar lumber, Spanish mahogany lumber, teak lumber.

Senator ANDERSON. You refer to coffee, Latin American coffee, receiving the same treatment in EEC that is granted to coffee from Africa.

Secretary HODGES. Yes, sir.

Senator ANDERSON. Have you checked as to the effect of any of these on the Hawaiian Islands?

Secretary HODGES. No, we did not.

Senator ANDERSON. They produce some. Just have it checked and see whether the Hawaiians are worried about it at all.

Secretary HODGES. We will do that.

(The information requested follows:)

ACCESS OF HAWAIIAN COFFEE TO THE EUROPEAN ECONOMIC COMMUNITY

Hawaii produces annually approximately 40 million pounds of coffee of a very high-grade type known as Kona. About 80 percent is consumed in the United States and 20 percent is exported, principally to Canada, Italy, Switzerland, the Philippines, Japan, and Norway. Canada and Italy are the best customers.

The European Economic Community has scheduled a 16 percent common external tariff—applicable to nonmembers—on coffee. This rate is to be compared with the individual rates which were in effect before the EEC was established: Italy, 50 percent; France, 20 percent; Germany, 18 percent; Benelux, 5 percent.

It is believed that the common external tariff rate of 16 percent will not prove to be a significant barrier for this high-grade coffee which commands a premium price because of the demand; namely, 40 to 50 cents per pound.

Senator ANDERSON. You talk about export injuries and so forth. We have had some trouble in our part of the world, as you know, and I have had a number of letters about this bill, and nearly all the letters I have had against the bill—I have had a great many for it—but nearly all the letters against it seem to deal with lead and zinc.

One of the letters says:

In order to protect the lead-zinc industry of the West, the escape clause of the tariff provisions must be strengthened to require that the President must accept the maximum tariff recommendations from the Tariff Commission findings unless the President gets one House of Congress, by a majority of those present, to accept lower tariff recommendations.

I wonder whether you have any comment on that?

Secretary HODGES. Senator Anderson, the escape clause action affecting lead and zinc means that they are reserved from any action lowering tariffs on the part of the President.

Senator ANDERSON. Are you sure of that?

Secretary HODGES. They cannot be touched as long as the escape clause relief is in existence.

Senator ANDERSON. You mean lead and zinc, the lead and zinc situation, won't be affected in any way by this bill?

Secretary HODGES. That is right.

Senator ANDERSON. They have not been able to get any benefit now on lead and zinc. The brief that was filed by the Zinc Committee pointed out, if I may just read briefly from it:

First, lead and zinc are two commodities that have faithfully followed every single procedure of the Trade Agreements Act, and the rigid and strict regulations that seek a solution of their problem caused by excessive imports.

Secondly, they are the only two commodities in the United States that received two unanimous findings of injury by the U.S. Tariff Commission. Notwithstanding these decisions in 1954 and 1958, the Commission's recommendations were disregarded in whole or in part, and conditions have steadily worsened with more and more of the industry forced out of business.

I can say to them then that there will be no effect on lead and zinc by this bill?

Secretary HODGES. Based on the escape clause action taken officially by the Tariff Commission and action by the President, the President cannot lower the tariff or change whatever agreement was made at that time.

Senator ANDERSON. He did not do anything under the tariff. The President merely came along and put some absolute quotas on the import of lead and zinc. But the recommendations of the Tariff Commission were not followed at all by the President, so they had no relief then and have not had any relief over the years.

Secretary HODGES. Of course, if they had tariff relief he could not change the tariff in future negotiations. If they have a quota situation, I cannot discuss it in detail because I do not know.

Senator ANDERSON. You do have a quota system. I listened to the testimony with a great deal of interest. You say:

I think we have been successful in our efforts to have many restrictions abolished, and the bill before you would give us a new tool for further progress.

Does that mean you have a new tool to get away with these quotas, I mean to abolish these quotas?

Secretary HODGES. This is a nontariff barrier.

Senator ANDERSON. Well, it says:

"Nontariff measures—such as import quotas"—it indicates that you are trying to get rid of the quotas. That is all that happened in lead and zinc. The President put on some quotas. Now you are saying that we will get rid of the quotas.

Secretary HODGES. No. We will not get rid of all quotas because we have some of our own, as do other nations; but there was written into the bill by the House section 252 which I would like to read to you, which is a new mechanism we talked about.

Mr. BEHRMAN. That refers to other countries' quotas and nontariff restrictions, Senator, we are trying to bargain down.

Senator ANDERSON. It does not refer to the situation—

Mr. BEHRMAN. It does not refer to ours which will be held by the escape clause action.

Senator ANDERSON. You understand the reason for these questions is that we get a steady flow of mail, and it is very difficult to write about all of the acts and to write back in detail, whereas if I can inquire of you, it very greatly simplifies the problem of answering the inquiries we have had.

The lead and zinc industry is in very tough shape, and one by one the dead leaves fall, and I get letters like one the other day from a man who quoted from a speech of one of the candidates—naturally I won't say which one—during the 1960 election, saying:

During the 1960 election one of the candidates said that the growth of economic power depends on many things, but most of all in the Western half of our Nation it depends on vigorous planned development of our natural resources.

He said that should be changed to "vigorous plan of destruction of our natural resources," because he is watching the lead and zinc industry in difficulty.

I am trying to find out whether this bill poses any greater threat to the lead and zinc industry than it had before.

Secretary HODGES. No, sir.

Senator ANDERSON. Thank you.

The CHAIRMAN. Senator Williams.

Senator WILLIAMS. The bill, as I understand it, exempts lead, zinc, and petroleum products from its application?

Secretary HODGES. And any other escape clause action, including the two recent ones, wilton rugs and glass, and so forth.

Senator WILLIAMS. For how long does it exempt them, for the 5 years?

Secretary HODGES. Certainly as far as this bill is concerned it has to be for the 5-year period.

Senator WILLIAMS. In other words, they won't be at all affected—

Secretary HODGES. I take it back, Senator Williams. I think we have written into this bill a specific 4-year extension regarding escape-clause actions. That guarantee against further tariff reductions would last as long as the escape action is in effect.

Senator WILLIAMS. What happens after the 4 years?

Secretary HODGES. They can ask for another period of protection through reapplication to the Tariff Commission.

Senator WILLIAMS. They can ask, but there is no assurance they will get it; is that correct?

Secretary HODGES. The same assurance they had in the original situation: if they justify it.

Senator WILLIAMS. What happens during the period between the time when they appeal and the time they get the final answer on it?

Secretary HODGES. I presume they would be provident enough to appeal ahead of time, before the 4-year period expired.

Senator WILLIAMS. If they did not get an answer in time?

Secretary HODGES. I would say it would be their fault if they did not.

Senator WILLIAMS. Well, suppose the answer was delayed?

Secretary HODGES. You have a restriction on the time in which the Tariff Commission could give an answer, Senator Williams.

Mr. BEHRMAN. It is supposed to come in 6 months before, Senator, before 4 years are out, and they will get an answer in that time.

Senator WILLIAMS. I notice those are the only items that are mentioned specifically as an exemption. Is it because they were the only ones that would be needing that exemption?

Secretary HODGES. They have been acted upon definitely by the President, and it was felt that certainly it was the fair thing to prevent action on them until they had another hearing.

Senator WILLIAMS. Did I understand you to say, in answer to one of the earlier questions, it would be possible for an industry which was suffering at the moment from imports to qualify after the enactment of this bill on the basis of injury which it is presently sustaining?

Secretary HODGES. I do not recall saying it that way, but whatever the situation was the industry would have to present its case to the Tariff Commission.

Senator WILLIAMS. I understand that. But after this bill has been enacted—

Secretary HODGES. Yes.

Senator WILLIAMS. In presenting its case, could it claim credit for some of the injury which was sustained prior to the enactment of the bill, and would it get such credit?

Secretary HODGES. No. I would think it would be based on what it had at the time, what was existent.

Senator WILLIAMS. Then it must be based on injury that was sustained after the enactment entirely; is that correct?

Mr. BEHRMAN. Currently, sir, and it could be continuous over the past. The proof is necessary for past and continuing injury or threat of future injury, but if it had no injury currently it could not come in and say "2 years ago I was injured."

Senator WILLIAMS. I did not mean it that way.

Mr. BEHRMAN. I was just trying to make it clear.

Senator WILLIAMS. If the injury is current and is continuing in the period immediately prior to the enactment of the bill, it would get credit for that injury?

Mr. BEHRMAN. Certainly it would be information which the Tariff Commission would want.

Senator WILLIAMS. Would the workers get similar credit?

Secretary HODGES. That is a separate situation. If the industry were turned down—it would not get industrywide relief, but a firm, if it qualified for relief, and its workers, could get benefits regardless of what happened to the industry as a whole.

Senator WILLIAMS. Under the relocation of labor, can men and their families be forced to move to the new areas or else forfeit their benefit under the program?

Secretary HODGES. There is no forcing of anything. The whole thing is voluntary. They do not have to apply for anything.

Senator WILLIAMS. Yes. But if they have applied for benefits, these workers are drawing the benefits under this bill, we will assume, and the suggestion has been made that they should be moved to new areas for new jobs. Can they be forced to move—

Secretary HODGES. No, sir.

Senator WILLIAMS (continuing). Or forfeit their benefits?

Secretary HODGES. They could not be forced to move. The only thing that would have any compulsion about it would be that they would have to accept retraining in order to get the money.

Senator WILLIAMS. Well, assume they are accepting retraining.

Secretary HODGES. Yes, sir.

Senator WILLIAMS. And assume that the Government or the agency responsible—

Secretary HODGES. They could live out the year or year and a half, whatever it is.

Senator WILLIAMS. Assuming the agency responsible feels this industry would not be able to reopen, and these men who have been retrained should be moved into another area. My question is, If they did reject the suggestion that they move to another area would they lose the benefits under this bill?

Secretary HODGES. No; they could get the benefits within the limit of the law.

Senator WILLIAMS. You mentioned the fact that there would be some tax assistance to the firms involved.

Secretary HODGES. A carryback provision only, Senator Williams.

Senator WILLIAMS. What is the existing law and what changes would you propose to make in it?

Secretary HODGES. Move the loss carryback provision from 3 years to 5 years.

Senator WILLIAMS. The existing law is 3 years on the carryback?

Secretary HODGES. That is right.

Senator WILLIAMS. And you would make it 5 years?

Secretary HODGES. That is right.

Senator WILLIAMS. What change would you make in the carry-forward?

Secretary HODGES. None at all.

Senator WILLIAMS. And that is the only change you propose to make?

Secretary HODGES. That is right.

Senator WILLIAMS. And that would be applicable only to those industries which are approved as having been injured, by the Commission?

Secretary HODGES. And their case studied and agreed to.

Senator WILLIAMS. How effectively do you feel that American agriculture can compete on a free trade basis?

Secretary HODGES. I think, generally speaking, we can meet anybody in our agriculture if we do not have restrictions against us.

Senator WILLIAMS. Well, that gets into my next question. Under the Common Market they have removed a lot of tariffs, but they have established what they are describing as a variable fee.

Secretary HODGES. Yes, sir.

Senator WILLIAMS. What is the difference between a variable fee and a tariff?

Secretary HODGES. I do not know. It seems to me it is just another gimmick.

Senator WILLIAMS. Isn't it the same thing with another name?

Secretary HODGES. I would think so.

Senator WILLIAMS. If agriculture is going to compete they would not only have to have an elimination of the tariff but they would have to have an elimination of these variable fees.

Secretary HODGES. Yes, sir.

Senator WILLIAMS. What progress are you making toward getting consideration on that?

Secretary HODGES. We have made all kinds of representation to the countries concerned, Senator. We are hoping to have something more favorable in the next few weeks, but no guarantee.

Senator WILLIAMS. You have made no progress at all up to this moment; is that correct?

Secretary HODGES. Very little.

Senator WILLIAMS. But without some such progress American agriculture is really going to be hurt under this proposal, would they not?

Secretary HODGES. They will be hurt even without this proposal.

Senator WILLIAMS. Well, I did not mean the proposal of the bill, but under the proposal of the variable fees.

Secretary HODGES. Yes.

Senator WILLIAMS. They would not be able to compete.

Secretary HODGES. I think that is right in many cases.

Senator WILLIAMS. Do the departments in the negotiation of these tariffs recognize the seriousness of this point?

Secretary HODGES. They do indeed.

Senator WILLIAMS. And there must be some consideration given to American agriculture, otherwise being told they cannot give them any concessions as far as industry is concerned.

Secretary HODGES. That is the point, Senator Williams, we want the bargaining authority under this bill so we can offer certain concessions on other items in order to get it on agriculture.

Senator WILLIAMS. I am inclined to agree with you on that point. But in the recent agreements in Geneva were not considerable concessions made as far as industries were concerned, but yet we got no concessions as far as agriculture is concerned?

Secretary HODGES. We got some, but not enough.

Senator WILLIAMS. Agriculture was pretty much left out as far as that agreement was concerned.

Secretary HODGES. They had not come to a firm conclusion of their own as to what they were going to do.

Senator WILLIAMS. Would you not think it would be proper that we insist on some conclusion being arrived at on that before we make any further concessions so far as industry is concerned?

Secretary HODGES. I would agree with that.

Senator WILLIAMS. Under the 80-percent clause, would the American automobile industry or the automobile industry in general come under this 80-percent provision in the bill?

Secretary HODGES. I think so.

Senator WILLIAMS. That means the tariffs could be eliminated in their entirety as far as the automobile industry is concerned?

Secretary HODGES. That is the limit of it; yes.

Senator WILLIAMS. Yes.

Do you think that the free importation of automobiles from Canada or from Europe would jeopardize employment in this country or do you think we could—

Secretary HODGES. I think, on the other hand, it would help us, give us a better chance for shipping abroad because we have a fairly low tariff rate on cars coming into this country.

Senator WILLIAMS. And the feeling is that would be beneficial?

Secretary HODGES. I would think so.

Senator WILLIAMS. Complete elimination of tariffs.

You mentioned in one part of your statement that our trade surplus with many of these countries had been substantial during the past several years.

In arriving at those figures, did you take account of our exports at the dollar value of their exports, or did you count in your consideration Public Law 480?

Secretary HOBBS. No; we talked about dollar exports.

Senator WILLIAMS. Dollars alone?

Secretary HOBBS. Yes. We made an exception in the case of over \$20 billion gross exports; we took off \$500 million of aid grants, and so forth.

Senator WILLIAMS. And those were all taken care of in your figures?

Secretary HOBBS. Yes.

Senator WILLIAMS. I have no further questions.

Senator DOUGLAS. Mr. Secretary, I want to commend you for a very able statement and, I think, an enlightened statement, and also a very frank and honest statement, because I think you recognize both in your prepared manuscript and in your response to questions, some of the difficulties which the Common Market creates for the United States.

Now, preparatory to the questions that I want to ask, let me say that I have been a lifelong believer in low tariffs because they expand the area of trade and production and enable countries to specialize in the things in which they have both a positive and a comparative advantage and, hence, increase the total amount of goods produced, which is to the advantage of everyone.

And the European Common Market is here. It is going to be of great economic benefit to Europe. It is already of great economic benefit to Europe. It is of tremendous political benefit both to Europe and to us, because it helps to reduce animosities between France and Germany, particularly, and lays a firmer economic basis for political alliance in defense against aggressive communism.

I think it will be of ultimate economic benefit to the United States because the increased prosperity of Europe will increase their total demand for goods, our own included.

In technical terms, their demand curve for American products would shift to the right, but I think, as you pointed out in the early part of your statement, that we probably will suffer an immediate economic loss for the reason which you pointed out, namely, they are moving very rapidly to complete internal free trade within the Common Market.

They will have some external tariff. We hope they will have a low external tariff. But to the degree that they have an external tariff this will impose a relative competitive disadvantage for our goods which they did not have before, and Germany will be able to ship goods into France, let us say, without a tariff, while we will still have the average tariff imposed against us, where we formerly were on the same terms.

The same thing would go for each of the Common Market countries taken individually. So, therefore, I do not think we will get much immediate economic benefit from the Common Market. Ultimately we will. We will get immediate political benefit, and the problem, therefore, is to minimize our immediate economic disadvantage and to maximize as much as possible the broad extension of trade.

Now, I think it is excellent that we have the base, so to speak, of offering an appreciable and, in some case, complete reduction of tariffs if the Common Market will do likewise, although, as Senator Kerr pointed out, and you agreed, this creates very great problems when they are extended to countries outside of the Common Market.

But now suppose the Europeans maintain high external tariffs on farm products, and suppose they retain or impose various impediments to trade.

For example, Germany has a tariff-free quota on coal of, I think, 6 million tons. We could export to Germany probably 20 to 40 million tons, and sell it at a lower price in Germany, but we cannot do it because of their quota.

There are various arrangements in France of import licenses, and so forth, which they can use to impede the entrance of our goods. Suppose they follow a restrictive policy? All you would have in reserve is section 252 which says that we can deny them the reduction which otherwise would go into effect.

Now, there is a strong European movement, just as there is a strong nationalistic movement in this country, and suppose we find that the Common Market does not want to expand to take in our products. Suppose they place restrictions on our goods?

What do we have besides 252, section 252?

Secretary HODGES. Basically we do not have to make an agreement with them unless we can do it on a reciprocal basis.

Senator DOUGLAS. I understand that. We do not have to give them the advantages of reduction in our tariffs.

Secretary HODGES. Right.

Senator DOUGLAS. But you remember the father of modern free trade was Adam Smith. In a very celebrated passage in Adam Smith, he declared there are two ways of getting general reduction in tariffs. One is for a given country to lead off in hope that other countries will follow and will try to negotiate reciprocal reductions with them. The other is to either impose or threaten to impose increases in tariffs which will go into effect unless the other countries reduce theirs.

And Smith concluded that the choice as to which of these methods is to be used is not for the economist to make but for that crafty and insidious animal vulgarly termed the statesman or politician. [Laughter.]

I have toyed with the idea that we, perhaps, should give to the President additional powers not merely to withhold decreases, but to impose increases. First, we have such a weapon available in our hands in respect to tariffs on automobiles.

Secretary HODGES. Yes.

Senator DOUGLAS. Our average tariff is what, 6½ percent?

Secretary HODGES. 6½.

Senator DOUGLAS. And their average tariff is 22½?

Secretary HODGES. 22½.

Senator DOUGLAS. I have wondered if the threat, overtly and politely conveyed, that an increase of their automobile tariffs might not serve as a weapon with which to enforce more liberal policies on coal quotas, more liberal provisions on import licenses in France, and a reduction in agricultural tariffs?

Secretary HODGES. Senator, you put your finger on a very important part of this whole thing. I think it depends to a very great extent on how tough our negotiators are and how strongly we feel in this country that we must be given fair treatment.

This provision we are talking about provides when the President finds these are against us, we withdraw what we have given and suspend anything granted. You are talking about raising or threatening—

Senator DOUGLAS. I, perhaps, used a term; imply that we will impose increases.

Secretary HODGES. I will say this to you, sir, if I were the negotiator, I would go that far.

Senator DOUGLAS. But at present he has no power to do this. Should we do give to the President the weapon which he could use if pushed too far?

Secretary HODGES. I do not know that you need anything in the act to require that. If you have got a good, tough negotiator, I think he would so intimate.

Senator DOUGLAS. But you have no legislative power for him to carry it out. We do give him legislative power to deny a decrease, but we do not give him legislative power to impose an increase.

Mr. BEHRMAN. If you withdraw a concession, Senator, you would, in fact, go back to a preconcession rate.

Senator DOUGLAS. But a preconcession rate would be 6½ percent in the case of automobiles. This is one of the few leverages which we have in dealing with Europe. If we could raise automobile rates to the same point that the Europeans impose upon us, 18 percent, no more, wouldn't that be a mighty weapon?

Secretary HODGES. Yes; it would. Of course, we can retaliate against—I do not like that term any more than you liked the threat.

Senator DOUGLAS. Let me say, as a believer in low tariffs, I personally believe that it was unfortunate that we imposed restrictions on carpets and glass because that hit one of our best allies, Belgium, and it touched off a series of reprisals on their part. So I do not welcome the retaliatory tariff wall. Let that be clear.

I want the alliance to be economic as well as political. But, last fall I went to Europe and had a long conversation with Minister Erhard of Germany, and with the French authorities, and with the Common Market officials in Brussels, and then with Sir Frank Lee in London, who was the expert on the British Board of Trade, and I must say I came away from my conversations with Mr. Erhard very much discouraged because he defended the restrictions on coal.

If we could get a market for American coal on the lower Rhine, which we could do if there were no restrictions, this would remove the necessity for imposing restrictions on the importation of residual oil from Venezuela, and loosen up the South American situation.

But I got nowhere with Mr. Erhard at all or with his advisers. The German coal and steel interests are the largest political contributors to the Christian Democratic Party in Germany. I got nowhere.

Secretary Freeman was over in Europe at the same time. He can speak for himself. But in my unofficial and very clumsy negotiations, I could see no concessions from them, for instance, on frozen chickens

in which we could do a great market in Europe, or on wheat or soybeans, or feed grains. And while I certainly want to cooperate with Europe in every way, this must be two sided. This must be reciprocal. And I have the feeling that the Europeans intend to be very tough with us, and that unless we give to our negotiators equal weapons, we are likely to find ourselves shut out from the coal market, from a large part of the agricultural markets, and shut out in a great many other fields.

Secretary HODGES. Senator, let us study this section 252 some more and see if we can give you a memorandum on it along the lines you are talking about.

Senator DOUGLAS. I take it the representatives of the State Department are here. I think this question of whether we stiffen up 252 is there. I may say I hope we do not have to use it. But it is like an army. It should be there if we need it. I do not believe in a defenseless military America, and so I do not believe in a defenseless economic America.

Secretary HODGES. Thank you.

Mr. BEHRMAN. On this question, you must remember most of our duties are concession duties; that is, only about 500 of our duties have not been under a concession under a previous agreement.

Senator DOUGLAS. Yes. But historically, in part, the concessions by other countries have been negated by their imposition of quotas. For years we made tariff concessions and we got reciprocal tariff concessions. But then the European countries imposed quotas upon our goods or upon the world in general, with the result that we did not get the benefits.

Now, it is true that in recent years a large proportion of these quotas have been removed. But there is a long history where we have suffered injury and have taken it in a most cooperative and Christian fashion, and it is about time that Europe made some concession.

Well, I am surprised and pleased to find you apparently do not dissent too much.

Mr. BEHRMAN. I would say if you raised duties, if we raised duties, outside of our obligations under the GATT, within the GATT, we would obviously have to extend compensation. If we could show that the quotas which you are suggesting had not been removed, are in effect in violation of the GATT, then we certainly have rights to compensation in the sense of there being, in effect, an interdiction of a concession which they previously gave us, or a denial of that previous concession.

Senator DOUGLAS. I simply want to stand on what I have said. We have never, as I understand it, ratified GATT. It is a gentleman's agreement by which we bow to GATT. We have not constitutionally bowed to it. It may be a moral but not a legal obligation.

Secretary HODGES. That is right, we never have ratified the GATT but it is an executive agreement.

Senator DOUGLAS. I would hate to see us so hamstrung by GATT that the European countries can punch us and we can take no steps in self-defense.

Mr. BEHRMAN. I think the provisions are there, Senator, if we will use them.

Senator DOUGLAS. But that is conditional upon the acceptance by the other countries.

Mr. BEHRMAN. Yes, sir.

Senator DOUGLAS. Suppose the other countries refuse to give their consent?

Mr. BEHRMAN. Or a majority vote of the GATT.

Senator DOUGLAS. Suppose we cannot get the majority vote of the GATT. We are only one country. The vote is taken by countries and not weighted by the proportion of their foreign trade; isn't that true?

Mr. BEHRMAN. That is true.

Senator DOUGLAS. Wouldn't that be true where each country counts as one? There is a very serious problem here, and I would hate to touch off a tariff war, but I think the European countries need to know that the patience of this Nation is not unlimited, and there has been too much of a tendency on their part to make us the guilty party in all respects.

Thank you very much. I hope the administration will consider this.

There is one final question I should like to ask. In your colloquy with the chairman you very properly stressed the fact that there was justification in giving to the unemployed when a company which was adversely affected by tariff reductions benefits not given to the unemployed in general.

Secretary HODGES. That is right.

Senator DOUGLAS. Because, as you said, the unemployment was likely to be more prolonged.

Well, it is not also true that whereas the general unemployed are affected by economic conditions as a whole, and not primarily by a governmental action, that the unemployed thrown out of work because of lower tariffs are directly affected by a governmental decision?

Secretary HODGES. That is right. It is a basic difference.

Senator DOUGLAS. Therefore, the Government owes a duty to them which it does not have to the ordinary unemployed.

Secretary HODGES. That is right.

Senator DOUGLAS. Thank you very much.

Secretary HODGES. Thank you.

The CHAIRMAN. Senator Williams.

Senator WILLIAMS. Mr. Secretary, I have three questions I would like to ask, with the understanding that you would furnish the answers for the record.

Secretary HODGES. All right, Senator.

Senator WILLIAMS. I will just merely ask them and pass them over to you.

First, in line with what the Senator from Illinois was discussing; namely, refusing to change some of our tariffs if we do not get some concessions from Europe, I agree that, perhaps, the use of the words "threats or retaliation" may not be wise. But could they not be given to understand that we may be considering what we would call an equalization of tariffs? That would be the same thing, and may sound better, but let them know that unless they really make this agreement reciprocal in nature and in working that it will not be so acceptable on this side?

Secretary HODGES. Right, sir.

Senator WILLIAMS. The questions I would like to ask and have the answers furnished for the record are, first, I have been interested in

the methods by which the Departments compute the differences in the balance of payments and the balance of trade. Would you define for the record what the Department considers a surplus in the balance of payments, and what it considers a surplus in the balance of trade?

Secretary HODGES. Trade.

Senator WILLIAMS. And also what you consider a deficit both in the balance of payments and a deficit in the balance of trade?

Secretary HODGES. All right, sir.

Senator WILLIAMS. Second, the United States issues its statistics of imports on a foreign value basis. Why is it that we use this formula when practically all of the other countries base their statistics on the import costs, including insurance and freight basis, and which method is recommended by the United Nations? Why did Israel as it became a new nation decide against the method used by the United States, and adopt a c.i.f. basis? Is it fair to compare our exports and imports when exports are computed on U.S. value and imports are not?

And the third question is, under the bill the President would be empowered to reduce the duties on whole categories of goods. There may be 15 or 20 more rates of duties involved. How would you reduce those rates? Each by a percentage or would you put the whole category under one common rate? If the cuts are by percentage, then the net would be the same as if each item were negotiated separately, would it not? And if the other method is used could it be said there would be anything scientific about the establishment of individual tariffs?

Secretary HODGES. All right.

Senator WILLIAMS. I will pass these over to you, and I would like the answers furnished for the record.

Secretary HODGES. Thank you.

(The information requested follows:)

DEFINITIONS OF BALANCE OF TRADE AND BALANCE OF PAYMENTS

The difference between our balance of trade and our balance of payments is that the former consists of the excess or deficiency of exports over imports of merchandise moving between ourselves and other countries, while our balance of payments is a statistical tabulation covering economic transactions of all types between residents of the United States and residents of the rest of the world.

Surplus in a balance of payments represents an excess of total receipts (credits) over total payments (debits) in international transactions during the period covered. It results in a net increase in U.S. gold and convertible currency holdings and/or a decrease in U.S. liquid liabilities. Deficit, on the other hand, arises from an excess of total payments over total receipts and results in a net decrease in U.S. gold and convertible currency holdings and a rise in U.S. liquid liabilities. There has been a deficit in U.S. balance of payments in every year since 1957.

An international transaction, as defined for balance-of-payments purposes, involves the transfer of ownerships of something of economic value, measurable in monetary terms. This may be merchandise, a service, a capital asset, or investment; it may be private or governmental.

Transactions in merchandise constitute the major part of our international commerce, as reported in our balance of payments. They represent about 65-70 percent of our exports and about 65 percent of our imports of goods and services (excluding transfers of foreign- and U.S.-owned capital and excluding military transfers).

Surplus in the balance of merchandise trade (a so-called favorable trade balance) represents an excess of merchandise exports over imports; a deficit (an unfavorable trade balance) arises from an excess of imports over exports. There has been a surplus in the balance of merchandise trade in every year since 1893.

The surpluses or deficits in our balances of trade (nonmilitary) and of payments in the last 2 years were as follows (in billions of dollars):

Year	Balance of trade (surplus)	Balance of payments (deficit)
1960.....	\$4,592	\$3,925
1961.....	5,344	2,461

EXPLANATION WHY UNITED STATES ISSUES ITS IMPORT STATISTICS ON A FOREIGN-VALUE BASIS

U.S. imports are valued on an f.o.b. basis by virtue of Federal statute which generally imposes duties on imported products on the basis of value at the foreign port; thereby excluding ocean freight and insurance charges.

Although many foreign countries value their imports c.i.f., we do not believe that c.i.f. valuation is necessarily either more accurate or more valid for most purposes (including our balance-of-payments statistics) than the f.o.b. valuation currently used by the United States in compiling its import statistics. The official statistics on U.S. exports and imports, as compiled and published by the Department of Commerce's Bureau of the Census, are conceptually comparable and accurately measure our shipments to foreign markets and the amount of goods obtained from foreign suppliers. These figures, with some quite minor modifications unrelated to the c.i.f. valuation, are shown in the official U.S. balance-of-payments statements which indicate our overall international financial position.

This subject, including consideration of preparing summary supplementary tabulations of U.S. imports on a c.i.f. basis for the United Nations, has been discussed by the Assistant Director for Statistical Standards of the Bureau of the Budget in the attached copy of a letter to Senator Proxmire. As stated there, "While we strongly endorse the objective of international comparability, we do not necessarily conform our own statistical program completely to an international standard if our objectives can better be met by the preparation of supplementary tabulations for international use * * *."

We do not know for what reason Israel uses a c.i.f. valuation for imports. We do know, however, that Israel continued many basic records in the same form in which they were prepared under the British mandate (as Palestine), when it was created an independent state in 1948. Our records back to 1930 show that a c.i.f. valuation has been used continuously for imports into this area.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., February 1, 1962.

HON. WILLIAM PROXMIRE,
Chairman, Subcommittee on Economic Statistics of the Joint Economic Committee, U.S. Senate, Washington, D.C.

DEAR SENATOR PROXMIRE: You may recall that during my recent testimony before the Subcommittee on Economic Statistics questions were raised with regard to the valuation of imports in our foreign trade statistics. I am writing this pursuant to the commitment which I made to supply a written statement of the position of the Office of Statistical Standards on this matter.

The valuation of U.S. imports has been largely determined by the rule laid down by statute for goods subject to duties based on value. This rule is in fact rather complicated, providing for several alternative methods. In general, however, it results in the assignment of a "foreign" value, reflecting the value of the merchandise abroad prior to shipment, and therefore excluding ocean freight and insurance charges. Although this rule has not been applied in the past with uniform success to imports not subject to duties based on value, with the result that some freight and insurance charges have been included, new customs procedures recently adopted are expected to improve the consistency of the figures.

This official import valuation rule may be referred to, somewhat loosely, as valuation f.o.b. exporting country.

The major alternative method, which is generally in use among other countries and is occasionally suggested for the United States, is referred to as c.i.f. valuation. To the value of the goods in the country of origin is added the cost of ocean freight and insurance involved in shipment to the importing country.

The resulting value is thus higher than the foreign value by the amount of ocean freight and insurance. Estimates for recent years indicate that for our import trade as a whole a c.i.f. valuation would raise the figures by a margin less than 10 percent, although for particular components of trade the percentage would be much higher.

There is something to be said for each of these two methods of valuation. As explained more fully below, c.i.f. valuation is the more appropriate measure of imports in relation to the domestic economy; f.o.b. valuation may be more appropriate in other contexts, particularly when the emphasis is on international payments. Ideally, a statistical system should produce both. However, this would be expensive and might be confusing, and to my knowledge it has not been seriously proposed except for the more limited proposal that we produce supplementary tabulations of a less detailed nature on a c.i.f. basis for publication by the U.N. in conjunction with similar data from foreign countries. If one were called upon to make a clear-cut choice between the two methods of valuation on purely statistical grounds, the choice would be a difficult one.

The fact is that neither this Office nor the other governmental agencies most concerned with foreign trade statistics have had occasion to make such a choice. The fact that our tariff legislation has provided for valuation at foreign value has been generally accepted as decisive, and the question of maintaining our foreign trade statistical program on a different basis has been regarded as academic.

While it is fair to ask whether the law should be changed so as to provide for c.i.f. valuation, we in the Office of Statistical Standards have not felt that we have had any mandate to raise such an issue. A change in the method of valuing imports for duty assessment would raise important policy and administrative issues as well as statistical issues. Since c.i.f. values are higher than foreign values, a change in the official valuation would entail either higher effective duties at the present rates or a rewriting of the schedule of tariff rates to afford the same degree of protection at the new values as is intended at the present values. Such a change in the interest of providing c.i.f. import statistics could hardly be justified except on the basis of a consensus among users that there is a clear superiority in the c.i.f. data and an urgency in making the change. We have found no such consensus. Indeed in our frequent dealings with governmental users of these data we have found relatively little interest in this issue.

In the face of these considerations and in the absence of any clearly established net gain to be achieved by a change to a c.i.f. basis, it has been our position that the import valuation issue is not one of major importance.

We do not regard the issue as closed, and we recognize that developments in the field of foreign trade policy and in the uses to which statistics are put may bring changes in our own evaluation of the data and that by the major users. We shall therefore continue to be alert to this issue and receptive to the testimony of those dependent on the data.

I have stated above that both the c.i.f. and the f.o.b. basis for valuation have their respective advantages for particular types of analysis, and it may be useful to explain these advantages more fully. On behalf of c.i.f. valuation it may be said that we ordinarily think of the economic value of a commodity in a particular market as including all costs incurred up to the point of sale, and that we do not therefore separate out the transportation and other distribution costs. In an analysis of imports in relation to domestic production or consumption, c.i.f. values approximate more closely the values at which imports move into domestic trade. Thus it could be misleading to use the foreign value as a measure of the impact on the markets of the importing country of a bulk import for which transportation costs constitute a large proportion of the ultimate price. (It should be added, however, that even the c.i.f. figure is not strictly comparable with domestic statistics of production or consumption of a dutiable commodity since it excludes the duty which enters into the domestic price.)

When imports are valued c.i.f. and when exports are valued f.o.b., as they are by this country and most others, there results a certain kind of consistency between import and export figures, in that both are valued at the border of the country in question, with exports exclusive of, and imports inclusive of, costs of ocean transportation.

the f.o.b. figure is superior to the c.i.f. In the analysis of foreign trade as such, with emphasis on its effects on international payments, the use of foreign value figures may be indicated. Economists have long argued that in discussions of international relations, a preoccupation with merchandise trade and trade balances to the exclusion of other types of transactions is misleading. A consideration of the Nation's international position must take account not only of merchandise trade but of a variety of other transactions including transportation services, tourism, investment, loans and gifts. Since these various types of payments respond to different sets of influences, it is important to measure and analyze them separately to the degree that this is possible. This is done in the body of statistics known as the "balance of international payments," of which the trade figures comprise the major component.

In this context it is important to recognize that a c.i.f. import figure is not necessarily a measure of an international payment, since the freight and insurance may have been provided by U.S. companies. Moreover, even if part or all of this cost of ocean transportation were provided by foreign interests, and hence the occasion of an international payment, it is not necessarily a payment to the country from which the merchandise came, and hence the geographical allocation of it to the supplying country which occurs automatically in a c.i.f. figure is misleading. It is our practice to attribute only the merchandise to the country of origin. Estimates of freight and other costs of ocean shipping are made separately, from other data sources, and are incorporated into the comprehensive summary of the balance of international payments, broadly allocated according to regions of the world.

A related point is that since the commodity cost and the costs of ocean transportation are affected by different sets of forces, any analysis of commodities in international trade as such is more precise if carried out with foreign value figures, so that, for example, changes due to changes in ocean freight rates are not misinterpreted as reflecting basic changes in the cost or prices of the products at their source.

Although, as explained above, there is a certain consistency in valuing both exports and imports at the border, there is another kind of consistency in valuing both prior to ocean transportation. And this latter kind of consistency may indeed be much more important in connection with the problem of international comparability of figures.

This question of international comparability has attracted considerable attention in the discussion of valuation methods. It is of course true that most other countries use the c.i.f. basis for their imports, that the United Nations has recommended its use internationally, and that in our use of the f.o.b. basis we, along with Canada and less than a score of other nations, may be said to be out of step with the rest of the world.

This, however, must not be taken as evidence of the conceptual superiority of the c.i.f. method. In the selection of a U.N.-sponsored international standard to promote international comparability of foreign trade data, the case for c.i.f. was strengthened by (though by no means wholly based on) the simple fact that most countries already were using this basis. While we strongly endorsed the objective of international comparability, we do not necessarily conform our own statistical program completely to an international standard if our objectives can better be met by the preparation of supplementary tabulations for international use, a project which has been considered intermittently.

Adoption of c.i.f. by this country would make our trade data more comparable with those of other countries in one sense—in that both would reflect the same concept—but would make them less comparable in another important sense. If all countries were to value imports c.i.f. a given flow of trade from country A to country B would necessarily be treated inconsistently by the export statistics of A and the import statistics of B, since the one would exclude while the other would include ocean freight. F.o.b. import figures avoid this inconsistency, since both country A and country B value the merchandise in the country of origin exclusive of ocean freight. This type of consistency makes possible comparisons of the figures of trading partners for the same components of trade, and facilitates investigations of discrepancies in these figures.

Much of the interest in the problem of international comparability stems from a feeling that our method of valuation puts us at a disadvantage when our figures are used for international comparisons and particularly in connection with trade negotiations. This reflects the significance commonly attached to imports and the trade balance both in total and for particular segments of trade.

An alleged undervaluation of our imports in relation to the imports of others may in theory take on significance in trade negotiations if imports are regarded as a measure of sacrifice or loss experienced by the importing nation entitling it to consideration by its trading partners in negotiations regarding trade barriers. C.i.f. import figures are larger than f.o.b. figures. It is argued that a nation comparing its import figures with those of other countries, or balancing them against its own export figures, can make a more effective plea for consideration at the hands of trading partners—i.e., can better demonstrate sacrifice or loss through international trade—if it uses c.i.f. than if it uses f.o.b. figures. And if one nation uses f.o.b. figures while most other nations use c.i.f., it may find itself at a debating disadvantage to the extent that the margin between c.i.f. and f.o.b. is significant.

One may agree in the abstract that such use of our import figures in comparison with those of other countries in trade negotiations might lead to some disadvantage if the differences were not known and allowed for. The question is whether our negotiators are so naive as to be taken advantage of by reason of this statistical difference. In the absence of evidence of serious official concern about this problem on the part of the interested agencies, we have not regarded it as a serious problem.

This review of the arguments for the respective valuation methods should indicate why although we continue to be open minded on the issue, on balance we have found no clearly indicated superiority for either method, and certainly no basis for proposing a change with all that this would entail with respect to the tariff statute.

I repeat, we are interested in cooperating in the United Nations efforts toward international comparability, and it has been a matter of some regret that we have not yet felt able to prepare summary tabulations on a c.i.f. basis for submittal to the U.N. and publication in its compilations of world trade statistics. This project has been repeatedly discussed, but lacking any real support among governmental users of the data it has a low priority and has not yet found a place in the budget. We do not have an up-to-date estimate of the cost of such a project, and among our plans for the coming months is a review of this matter in anticipation of future budget recommendations.

I very much appreciate this opportunity to place our views on this matter in the record.

Sincerely yours,

RAYMOND T. BOWMAN,
Assistant Director for Statistical Standards.

TRADE NEGOTIATIONS ON A CATEGORY BASIS

Following the practice of past trade legislation, H.R. 11970 does not stipulate the detailed method of bargaining to be followed in trade negotiations. U.S. representatives would be able, as appropriate, to negotiate tariff concessions on a product-by-product basis, as has been customary up to now, or to exchange concessions on broader groupings of articles.

The latter technique might work in several ways. One possibility would be to apply a single percentage reduction to tariffs on all items within a group or category (except those that are reserved from negotiation under the safeguards established in the bill). Thus, under the general 50 percent tariff-reducing authority, the United States might agree gradually to reduce by half its tariffs on articles within a certain category in exchange for a similar foreign concession on the same or another category, without the need for negotiations on each item within those categories.

Also, under the special authority in agreements with the European Economic Community to cut tariffs by as much as 100 percent on certain categories (sec. 211), an agreement might call for gradual reduction of all tariff rates within a category to a specified ad valorem rate or to zero.

The benefit to be gained from negotiations on broadened bases such as these is that the U.S. delegation would thereby often be able to obtain a more favorable agreement on a broader range of goods than would otherwise be possible. Negotiators would not be forced to enter into bargaining over many individual items, which may lead to costly delays in concluding trade agreements and may threaten to stymie them entirely. The negotiations begun in September 1960, for example, were concluded only this year.

It is because of the greater practicality that broad methods of bargaining by groupings have been adopted by the European Economic Community. Its members have found the reduction of tariffs to be practically impossible due to their varying trade interests unless reductions are applied across the board or to broad groups of items instead of to individual articles. Reductions have therefore been applied on a linear percentage basis; for example, EEC member countries have mutually cut their internal duties against each other on industrial goods by 50 percent since 1957, and in the recent Geneva negotiations exchanged 20-percent reductions on broad groups of goods in return for concessions by non-EEC nations.

Therefore, in order to make effective trade agreements with the EEC, U.S. negotiators need the flexibility to adopt broad techniques of negotiation if the situation requires. It is true that in cases of linear reductions applied to groups of articles, the net result theoretically would be the same as the result of parallel bargains on individual items within the group. But for the reasons stated above, it is unlikely that, as a practical matter, individual bargains to cover an entire category would be possible, and the resulting agreement would therefore be less beneficial than one concluded on a category basis.

In all cases of negotiations by broader groupings, however, any items within such a grouping which are reserved from negotiation under the provisions of the bill would be withheld from any general tariff-reducing agreement. All the safeguards of the bill would apply—each item to be considered for tariff reductions would be scrutinized individually by the Tariff Commission which would make a study of the probable domestic economic effects of a reduction. Negotiations by groupings of articles, therefore, would be based on careful analysis of the individual items within the categories, even though the items would not be treated individually in bargaining. Such negotiations would thus be as carefully undertaken as those in the past.

Senator DOUGLAS (presiding). I have been instructed by the chairman to thank Secretary Hodges and say that we will adjourn until 2:30 this afternoon.

(Whereupon, at 12:55 p.m., the hearing was recessed, to reconvene at 2:30 p.m., on the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

There are certain questions asked of the Department of Commerce in writing.

Without objection, those questions and the answers to them will be included in the record.

Senator Carlson?

Senator CARLSON. Mr. Secretary, I appreciate very much your statement and your comments about the prospect for trade in the Common Market, which sounds rather hopeful and optimistic, I would say, but I wonder if that does not involve a little wishful thinking, especially when it comes to agricultural products and the importance of Western Europe in a market for such products.

STATEMENT OF HON. LUTHER H. HODGES, SECRETARY OF COMMERCE; ACCOMPANIED BY JACK N. BEHRMAN, ASSISTANT SECRETARY OF COMMERCE FOR INTERNATIONAL AFFAIRS; PETER T. JONES, DEPUTY ASSISTANT SECRETARY OF COMMERCE FOR TRADE POLICY; AND DEAN B. LEWIS, ASSISTANT GENERAL COUNSEL, INTERNATIONAL AFFAIRS—Resumed

Secretary HODGES. Senator, I think, of course, you have put your finger on the one which worries us most: namely, the agricultural phase of it.

It is so indefinite as to what the Common Market is going to do, they cannot be specific on it. I think the opportunity for our agricultural products, our present and future surpluses, is good, if we can work out any kind of an arrangement primarily with the Common Market.

I think that with this series of authorities which the bill would give the President, he will be able better to get something done for agriculture than he will if we do not do anything.

Senator CARLSON. I noticed in your statement you discuss this about the disadvantages of similar effects facing some of the important agricultural commodities we now sell to Europe, and you mention that the Secretary of Agriculture, Mr. Freeman, will discuss this, of course, when he comes up?

Secretary HODGES. Yes, sir.

Senator CARLSON. I would ask you this: What part will the Department of Agriculture play in finalizing these agreements, for instance, when it comes to agricultural products?

Secretary HODGES. Senator Carlson, I will tell you my own feeling about it and what I understand that we agree to in the general administration:

That the Department of Agriculture will play a very dominant part in the agricultural phase of it.

Whatever group is directed to run it, and it is going to be under the direction of a special negotiator appointed by the President and confirmed by you, certainly he would use the Secretary of Agriculture and his Department for the information necessary and for a number of the bargaining ideas.

Senator CARLSON. Mr. Secretary, in the final analysis, does it not get down to the Secretary of State, the Department of State, who will officially sign for this country?

Secretary HODGES. I suppose in the technique of signing something, you might, as always, talk about the State Department as having the international responsibility, but it does not work that way.

In this case I, or at least the Secretary of Commerce, is the Chairman of the Trade Policy Committee, which includes the Secretary of Agriculture, the Secretary of State and others.

Then there are working committees which are composed of representatives of each of these.

So I would answer directly no. The Secretary of State cannot just sign something unless the rest of us have had a part in deciding what it ought to be.

Senator CARLSON. This group that you speak of, and of which you will be Chairman, which is more than satisfactory to me, will, after

all, however, only study and make some suggestions or recommendations.

You will not officially make these trade arrangements?

Secretary HODGES. Under the change, sir, as made by the House, as I read it, a special negotiator, as written into the House bill now before you, will have that responsibility, and he will not be a State Department man or a Commerce Department man or a Labor man or Agriculture.

He will be, I hope, an outstanding businessman who has had experience in international negotiation on a trading basis, on a business basis.

Now, I do not know who it will be, but if it goes through as planned, that is the approach that will be taken.

Senator CARLSON. I would say that is an encouraging move that is being made.

I had not realized that it was to work out that way.

Secretary HODGES. It is written into the bill that way, sir.

Senator CARLSON. Based on the past experience, I believe we had some trade negotiations in Paris, I think earlier this year?

Secretary HODGES. Geneva.

Senator CARLSON. Geneva?

Secretary HODGES. Yes, sir.

Senator CARLSON. At which our Secretary, Assistant Secretary of State George Ball, and Howard Petersen represented for the United States and did sign some very definite articles, is that correct?

Secretary HODGES. I do not know about the signing. They certainly passed upon certain arrangements and policies there, and at the same time the Under Secretary of Commerce was there.

Senator CARLSON. They did make some concessions at least in trade, and they did not reach agreements on noncompetitive agricultural products such as cotton and some vegetables and fruits, but did not reach an agreement on wheat, feed grains, at this particular meeting?

Secretary HODGES. I will ask one of my associates if they can answer that in detail, Senator Carlson.

Senator CARLSON. I would be glad to get any information I can on it.

Secretary HODGES. Yes, sir.

Mr. BEHRMAN. Senator, we got no new concessions on the items you mentioned, wheat, feed grains, sorghum, and so on.

We did get guarantees from them on wheat that we would not be disadvantaged by the common agricultural policy which had yet to be agreed upon by members of the Common Market.

We have negotiating rights and compensation rights.

Under the GATT, if it turns out that whatever has been adopted, which will be put into effect on August 1 of this year, does, in fact, disadvantage us, as compared to what we previously had in concessions from them, then we have compensation rights which we will negotiate out with them.

But we were unable to make any negotiated agreement for a concession prior to their having adopted a common policy.

Senator CARLSON. What will our situation be, in your opinion, Doctor, if Great Britain joins or becomes a member of the Common Market, and based on her agreements with the Commonwealth coun-

tries, Australia, New Zealand, and Canada, when it comes to the importation of wheat?

Mr. BEHRMAN. Senator, this is very difficult to answer. You put your finger on some of the most difficult negotiations going on now.

We have no word that I know of as to which direction the concessions to the Commonwealth interests will take, and, therefore, I really could not answer that question in very much detail at all.

Secretary HODGES. I believe the Secretary of Agriculture will be able to give you more specific answers when he comes in, Senator Carlson.

Senator CARLSON. Do you think the negotiating authority provided in this bill is adequate and will continue, or will at least be actively used to obtain commitments from the European Economic Community to insure our continued access to the market for feed grains?

Secretary HODGES. I would hope so, Senator. That is as far as I can go.

Senator CARLSON. Is there anything we can strengthen this hope with?

That is the thing that concerns me.

Secretary HODGES. I think the granting of the authority to the President for, say, negotiating on the total of our exports, which is 15 out of the 20 billion, that is manufactured items, and about 5 billion of agricultural—I am talking about the whole world, now—granting of that will give us about the only weapon we have or can get, it seems to me.

We do have a section written into the House bill based upon the same question you are raising in connection with farm products which several of the House members and in certain respects the Farm Bureau asked to be put in, and it was put in at that time.

We can have that read to you and see if it throws any light on it. That is as far as we go.

Senator CARLSON. Mr. Secretary, I have read that section, and I think it is helpful, but, again, I get back to the concern I have, because I think this is the one area where I think we have real difficulty when we get into this international trade.

I noticed in the press that Canada, for instance, has received some assurances from the European Economic Community with respect to the maintenance of access to the Common Market for wheat.

I read that recently.

Now, can you tell us what these assurances are, and will our wheat receive similar treatment?

Secretary HODGES. Senator Carlson, this no one knows exactly, but, except as the Common Market might give some kind of a transition period and understanding with the Commonwealth countries, I would certainly say that in the long run we would have the same advantages exactly as any other country in the world would have in the Common Market with agricultural products.

Senator CARLSON. It was my privilege to visit these Common Market countries in September 1960.

In fact, I went over as a representative of the Senate Foreign Relations Committee.

I returned and wrote a report which is a public document, and I am sure you are familiar with the so-called variable levy system that is proposed for many agricultural imports into this Common Market.

Do you figure, or do you consider that these variable levies are consistent with the GATT?

Secretary HODGES. In my personal opinion, they are not in keeping with the spirit of the GATT.

Senator CARLSON. In other words, the GATT organization and their regulations and trades have been violated, have they not?

Secretary HODGES. I cannot answer that.

Maybe the doctor would know more technically whether they have been violated or not. I am not sure that they have been.

Senator CARLSON. Doctor, I would be glad to have you comment on that.

Mr. BEHRMAN. We have accepted this technique in principle, Senator.

It substitutes for a variety of direct and administrative controls exercised by European countries.

It has been estimated by the Agriculture Department that, depending on the base prices which are adopted, this system may, in fact, be no more restrictive than the totality of restrictions which they had in the past. This will depend on the base price, and that is what we will try to negotiate in a satisfactory manner in the future.

Senator CARLSON. Dr. Behrman, are you familiar with this—and I think this is a factual statement—that in September 1960, Holland announced that they would put a discriminatory levy on flour without an equivalent levy on wheat, which was not permissible under the GATT agreement?

Now, we requested through the State Department that they should insist that Holland comply with these GATT regulations or to invoke retaliation, and, of course, the State Department held that they did not believe in retaliation.

Nothing was done and nothing has been done since.

Now, are you familiar with that?

Mr. BEHRMAN. No, sir.

That was before my joining the Government. I am not familiar with that.

Senator CARLSON. I wish you would check into it, because it is situations like that that really concern me for the future trade, these variable levies, import levies and problems similar to this one which I am familiar with.

As a matter of fact, we have sold flour to Holland for 100 years. This is not new. It is not a new trading arrangement.

It occurs to me that we ought to have some assurance in order to take action in this case.

In fact, I would ask you why have not some steps been taken to condemn this use?

This probably is not the only instance. This is one I know of.

Secretary HODGES. We will check it, sir.

Senator CARLSON. If you will check that, I would be very happy, so that we may get some information on it. It just seems to me that our Nation must be prepared to act in this situation, particularly as to how this variable levy system is applied on wheat flour in the Netherlands.

(The following was later received for the record:)

THE NETHERLANDS SYSTEM OF VARIABLE LEVIES ON WHEAT FLOUR

Historically, the Netherlands has regulated the importation of wheat flour and of a number of other agricultural products mainly by the imposition of variable import fees, the so-called monopoly fees. These fees are in addition to regular import duties, which are generally low or zero.

In GATT negotiations, the United States had obtained from the Netherlands a commitment to admit a specified quantity (65,000 metric tons) of wheat flour annually free of duty. In addition, the Netherlands had bound the range of the import monopoly fee on wheat flour by agreeing to apply a complicated formula which, broadly speaking, calculates the levy by multiplying the rate of the monopoly fee on wheat with the reciprocal of the current extraction rate for wheat.

During the first 9 months of 1960, the rate of the monopoly levy on wheat flour was 1.1 guilders per 100 kilograms. On September 30, 1960, this levy was increased to 5 guilders. The U.S. Government immediately made representations to the Netherlands Government expressing its concern over this action.

In response the Netherlands, while acknowledging that this action might constitute a technical violation of a GATT obligation, stated that the increase in the levy was not intended to diminish U.S. wheat flour exports and that the Dutch Government would be willing to reconsider the increase if any dropoff of U.S. wheat flour exports occurred. The Netherlands said it did not have any objections to the case being discussed under the pertinent rules of the GATT, but that this might not be necessary if the level of U.S. exports were to be maintained. Netherlands imports of U.S. wheat flour were, in fact, very well maintained under the 5-guilder levy. The following table shows Netherlands imports of wheat flour from the United States for the years 1958 through 1961 and for the first 4 months of 1962. (It should be noted that 1961 purchases had reached 55,000 metric tons by the time that the increase to 6.50 guilders was enacted.)

Netherlands imports of U.S. wheat flour

Year:

	<i>Quantity (in metric tons)</i>
1958.....	73, 800
1959.....	68, 198
1960.....	82, 704
1961.....	69, 135
1962 (January-April).....	22, 630

In June 1961, however, the levy was again increased, from 5 to 6.5 guilders. The U.S. Government immediately made strong representations to the Netherlands Government requesting assurances that U.S. exports would not suffer, and seeking a cancellation of the increase. The Netherlands Government assured the United States in writing that imports of wheat flour from the United States would continue at an annual rate of at least 75,000 metric tons until the institution of the EEC's common agricultural policy.

Consequently, when Dutch imports of U.S. flour dropped to a low level, following the June 1961 increase, proceedings were started within the Netherlands Government to modify the levy. Action was finally taken, effective January 1, 1962, when the import fee on flour was reduced to its previous level of 5 guilders.

Senator CARLSON. As I stated, we have been selling wheat there for 100 years, so it is not new.

I want to ask you this question: Do you agree that section 252 of this pending bill, H.R. 11970, will strengthen our negotiator's position in dealing with the European Economic Community on agricultural products?

Mr. BEHRMAN. Yes, sir, we certainly believe it will.

Senator CARLSON. I have a great deal of correspondence from our livestock people. In fact, I have heard directly from the Kansas Livestock Association, the National Livestock Association.

They are greatly concerned about competing imports of livestock

products, not necessarily live cattle, but products, and I want to ask you this question.

I notice that this bill, section 405(4)—and I have it right here before me—redefines, and I quote now, “directly competitive with.”

I ask you this question: Does this make clear, for example, that the cattle producers can claim injury before the Tariff Commission on the basis of imports of bone beef?

How far can we expect to go with the language in this bill?

Mr. BEHRMAN. That is our interpretation, sir.

We have put, or there was put into the report a similar example with reference to lamb meat and live lambs and sheep. I would presume this is a similar categorization.

Senator CARLSON. You feel, then, that this language would not only be helpful, but it would take care of that situation?

Mr. BEHRMAN. That is my understanding, yes.

Senator CARLSON. Those are encouraging words, I can assure you.

I noticed the Secretary in his statement this morning discussed some of the results that we might expect in dealing with competitive products.

For instance, I would like to ask this question: Would we not be at a disadvantage as a nation in exporting items for categories of goods in which we and they have a common export interest? In other words, competitive problem, as a result of the credit arrangements that these countries make by foreign governments to our competitors, and credit arrangements that we do not make?

Secretary HODGES. That is not as true today, Senator Carlson, as it was a year ago or previously.

We have been at a serious disadvantage through the years in the lack of credit arrangements or insurance of credit compared, let us say, to Germany or some of our competitors.

But the Export-Import Bank has now worked out certain arrangements through private insurance corporations whereby you can buy a policy to cover credit arrangements on short term, and now they are working out the medium terms, just finishing it up, as I understand it. I am hoping the long term will follow.

So we are in better shape than we were a year or so ago.

Senator CARLSON. I am pleased to hear that, because I am somewhat familiar with some of the sales of, for instance, trucks that we lost in Latin American countries because of German credits a year ago.

I know we have in this Nation probably the outstanding light aircraft industry in the Nation and in the world. We have three very outstanding companies—Beech, Cessna, Piper—who make these light aircraft, and I have been told by all three of these companies that they just could not compete with foreign competition because of the credits given Latin American countries.

Do you feel that situation is—

Mr. BEHRMAN. May I comment a bit, Senator?

You have picked the cases which are the ones that we probably do not handle even under the arrangements which the Secretary mentioned, because generally this is 5- to 7- or 8-year credit, which our competitors extend, and the Foreign Credit Insurance Association, which the Secretary mentioned, now offers medium term credit insurance only up to 5 years. So we are still not quite competitive

in the 5- to 7- to 8-year credit area—in the truck and the aircraft lines.

However, the Export-Import Bank still stands ready itself to lend directly for this type of export.

The difficulty here, of course, is that the Export-Import Bank's resources may be committed up to the limit in a given country, and, therefore, we would be unable to finance competitively.

We as a Department are looking into this continuously and are trying to give every help we can.

But there are time in which we are simply out competed on credit terms still.

Senator CARLSON. Doctor, that would enter into the competition of goods that we, in, foreign countries, do make competitively, and it has been one of the problems.

I am glad to hear of the progress that is being made.

Secretary HODGES. It has been true for a quarter of a century or more that I recall personally. I saw it in Argentina and Brazil before the Second World War. Many times the firms of Europe, which are more accustomed, more interested in dealing in foreign markets, have worked out on their own, irrespective of government insurance, an attitude toward credit that our companies have never been willing to do.

We want cash on the barrelhead usually.

Mr. BEHRMAN. The point is so well taken, Senator, that some people in the trade talk about not being outpriced but outcredited.

There are companies in Latin American groups in Latin America that would purchase our goods even at higher prices, if they could get similar credit terms, and frequently we cannot provide them.

Senator CARLSON. Doctor, I know that to be a fact in the aircraft industry because the terrain of those countries is such they use light aircraft for travel, and we have these three companies that I mentioned who are outstanding in the manufacture of it, and they just could not compete with the French, the Germans, or some other aircraft because of credit, not because the people did not want to buy them.

I am delighted to hear that you are making some progress in this field.

That is all, Mr. Chairman.

The CHAIRMAN. Senator Butler?

Senator BUTLER. Mr. Secretary, I direct your attention to section 224 of the act, page 10.

Is it not possible for the President, under that section, to make an offer without first having the advice of the Tariff Commission in connection with the article that would be affected by the offer?

Secretary HODGES. Dr. Behrman will answer that.

Mr. BEHRMAN. Senator, the objective of this section is to require the Tariff Commission to make a study, an adequate study, before the President can make an offer.

We had hoped, and I think the House had hoped, to make this mandatory, but in line 14, you see, the problem had to be faced of what would happen if the Tariff Commission simply did not do its job and delayed and delayed and delayed and never brought forth an examination.

Senator BUTLER. Yes.

Mr. BEHRMAN. And, therefore, a time limit was put on so that gave them 6 months. After the 6 months, if they had not made a study, then the President would be permitted to proceed.

Senator BUTLER. In other words, he would make his offer, and the only advice that he would have on the subject would be the findings of the Interagency Conference or Council that he, himself, had set up, and the arm of the Congress, the Tariff Commission, would be divorced from the finding, and the articles would be affected without their advice?

Mr. BEHRMAN. On page 9, Senator, if you will see line 5 and line 6, the act requires the Tariff Commission to make an investigation and report.

Senator BUTLER. Doctor, my concern centers on page 10, line 14, the word "or," and it seems to me clear that the President could make an offer, the tariff could be reduced or completely done away with, without a report from the Tariff Commission.

Mr. BEHRMAN. This is conceivable if they drag their feet and do not themselves carry the mandate and requirements of the act.

Senator BUTLER. That brings up another question that occurs to me.

Is the Tariff Commission able to discharge the obligations that this act imposes upon them?

Mr. BEHRMAN. As to this 6-month study, we understand that they have accepted the charge and feel that they can carry it out.

Senator BUTLER. How many people, how many firms, groups of workers or industries, do you envision as being affected by this legislation?

Mr. BEHRMAN. Conceivably, all of our industry categories, other than those reserved, could be affected.

Senator BUTLER. So, from a practical point of view, if the administration so desires, it could make the burden of work so great that the Tariff Commission would be utterly unable to comply with the duties imposed upon it under this act?

Mr. BEHRMAN. This is conceivable, sir, but we discussed this and felt that the operation would work something such as follows:

The administration would begin its own consideration of what it would be willing to offer and, as it determined segments of it which could be examined, these would then be turned over to the Tariff Commission to begin its proceedings on those parts, rather than waiting for the entire determination by the administration, handing it to the Tariff Commission, and then giving them 6 months.

You would, in fact, give them those pieces as we ourselves determined what they would be.

The 6 months would begin at the time that each separate list of articles was submitted by the administration.

Senator BUTLER. Doctor, it would seem to me that it should be mandatory that we have this advice from the Tariff Commission.

The Congress is delegating a very important constitutional power under this law.

Now, if the Tariff Commission is not to be heard from, and if it is possible under the operation of this act to make a change in a tariff or to wipe it out completely without the arm of the Congress having been heard from, I do not think that it is a good law.

Secretary HODGES. Senator, I think we had this discussion pretty fully before the House, and I think it was in the executive sessions.

They had a representative of the Tariff Commission there, as there probably will be here.

I think that they could come nearer answering whether or not they could meet it. My impression is that it was pretty generally agreed that they could meet this condition.

Senator BUTLER. Would the administration have any objection to changing the word "or" in line 14, on page 10, to "and" and button it up, so that we would know what is going to happen?

(See letter, p. 508.)

Secretary HODGES. I would say this:

If the Tariff Commission itself had a chance to comment on it, I would say it would probably be all right.

Senator BUTLER. They will be here, I assume. I do not see them on the list of witnesses, however.

I may be in error, but I do not think they asked to be heard here. I think they should be heard.

Secretary HODGES. I would assume that they are available for your discussion.

Senator BUTLER. Yes.

Now, another question I would like to ask the Secretary, Mr. Chairman. It deals with section 301.

It is possible under this bill for a small business or for any business to be affected adversely by an offer made by the President, but not to the extent that the company would feel that it was seriously affected, and would not want to take advantage of the section, whereas its workers could take advantage of it against the wishes of their own company?

Secretary HODGES. Yes; that is conceivable, Senator.

Senator BUTLER. Yes.

The next step:

And would they have the right to summon the books and records of their company to prove that there had been an inequity?

Secretary HODGES. The Tariff Commission could, not the workers.

Senator BUTLER. In other words, you could have a situation arise under this bill where a company is suffering some loss by reason of the passage of this act. It does not consider it to be serious enough to take any action. But, yet, its workers, against the will of that company, can hail it in before the Tariff Commission and make it produce its records?

Secretary HODGES. Only, Senator, would you have a situation like that occur when a company had been found by the Tariff Commission to have been affected by import action on the part of the Federal Government to the extent that it, the company, discharged workers or let them off because of this tariff action.

Senator BUTLER. Yes.

Well, take a company that may discharge maybe 3 or 4 workers out of 10,000, and it feels that the situation is not serious enough to warrant any action on its part.

Can those few workers take that company into court, so to speak, and make it divulge its books and records to prove a case for them?

Secretary HODGES. That is a very unlikely illustration, Senator Butler.

Senator BUTLER. I do not think it is unlikely at all. I think it is a very serious question, and I think that the Congress should deal with that question.

Mr. BEHRMAN. The point there, I think, Senator, is that there must be a significant number or portion of the workers unemployed before they would be entitled to any assistance. This is at page 29, paragraph 2, of the act, lines 16 and 17. I think this would be handled by the procedures of the Tariff Commission, whereby it would define "significant number or proportion of the workers," so as to avoid the need for any investigation at all where this test is not met.

It is likely that 3 or 4 out of 10,000 would not meet it. That is just my estimation.

But whatever would be significant in the Tariff Commission's eyes, if they applied, then the Tariff Commission, under its powers of gathering information, would itself have the right to subpoena the company's records. The workers would not.

It is also a question, I think, Senator, why the company would not want to cooperate in this respect, because it would, it seems to us, be to its advantage to have its workers assist it in whatever adjustment was necessary from their unemployment.

Senator BUTLER. The thought occurred to me that that is a decision that management should make.

Mr. BEHRMAN. That is a decision which they undoubtedly will make, except that now under its present terms, the necessity of gathering information, the Tariff Commission does have, and must have, subpoena rights so far as the records of any industry are concerned.

Senator BUTLER. I have one other question, Mr. Secretary, and this certainly is no reflection on you or any other Secretary of Commerce who may follow you.

I suggest this for the protection of the man who may hold that office.

But there is a provision on page 35 of this bill that says where the agency concerned has denied a proposed adjustment under the act, that then the Secretary may do it on his own, of his own volition.

Secretary HODGES. Yes, sir.

Senator BUTLER. Would you welcome an amendment there, to certify you against any charge that you may be motivated by political reasons or some other type of a motive, that you certify your reasons for overruling the agency back to the agency?

Secretary HODGES. No, sir, Senator Butler.

Senator BUTLER. Do you not think it ought to be put on the record that the agency considers the matter and has rejected it, before you would overrule them, that you should at least tell them why?

Secretary HODGES. I could live with it the way it is written.

I think any Secretary of Commerce who wants to do the correct and right thing and still get something done could. The theory back of this is that the Secretary of Commerce has the residual authority to see that the job is done on the terms and conditions he believes to be necessary, if existing agencies are not prepared to do it under their regular programs. When he acts under this residual authority, he still delegates out the actual administration of these various things.

You might have a case where a company or companies may ask for

some help on taxes, something on loans, something on technical assistance, and so forth, and only the Secretary of Commerce, whoever he may be, would have all of the information necessary to decide how much of what kind of assistance, and on what terms, is appropriate and necessary.

An individual agency of Government like SBA or Labor or something might take a negative position.

But, looking at the overall program from our vantage point, we might say no, we think it ought to be done in order to mesh with other phases of this adjustment effort carried on by other agencies.

Senator BUTLER. It was just a suggestion.

Now, Mr. Secretary, one final question. As I understand the operation of the act, the employees who are adversely affected by the reduction in the tariff would receive compensation and retraining.

The compensation in some cases extends for a period of 18 months.

Secretary HODGES. Yes; in one possible case.

Senator BUTLER. Yes.

And that is a cash settlement, whereas the company affected is entitled to but a loan. Now, if it is the theory of this act that the Government of the United States is deliberately hurting an industry and may hurt it to such an extent that a loan would not be any good to it, should not some consideration be given to paying some cash consideration to that company?

Secretary HODGES. Well, sir; I would rather you made that suggestion than me.

Senator BUTLER. I say is it not perfectly conceivable under this act that the President may abolish a tariff and thereby destroy a company and its entire business? Is that possible?

Secretary HODGES. Not the way you have put it. I think that the President could, after the advice of the Tariff Commission and the agencies, could change a tariff, could lower a tariff, which might hurt a company and might conceivably, in some cases, make it stop making that kind of goods.

Senator BUTLER. Then what good is a loan to that company?

Secretary HODGES. Well, if it wants to go out of business, it does not want to go into any other kind of thing, and it is fully up to date, sir, on its machinery and its methods and its techniques and its merchandising, then the company has really got a real problem.

But I do not think you will find it the case, where a company is up to date on all these things I have mentioned, that it cannot turn to something else.

And here is where this assistance comes in.

The Government says:

"We will, Mr. So-and-so, in a firm, give you, if we approve your case, give you a long-term loan at a reasonable rate of interest. We will see that technical assistance is furnished you, and then if you have losses that have occurred because of this thing you are claiming, we will let you carry them back 5 years instead of 3."

I think we go a pretty good way with the company, Senator.

Senator BUTLER. Those carryback provisions will apply to the new line of endeavor that the company may take up? In other words, no matter whether they go out of that business that they are in, they

can still have their carryback, no matter what their type of business is? Secretary HODGES. I think that would be the construction of it. We will doublecheck that.

Senator BUTLER. That would apply if they merge with some other company or sold out to some other company?

Secretary HODGES. I cannot answer that specifically. I would like to look into that part of it.

Senator BUTLER. In other words, if you had a company that was pretty badly hurt and they merged with some other company or sold out to some other company, this very valuable carryback asset—

Secretary HODGES. For that portion, yes, whatever the figure is.

Senator BUTLER. Would that company be able to take advantage of it?

Secretary HODGES. I want to check that, Senator, to be doubly sure.

Mr. BEHRMAN. It is our understanding; yes.

Secretary HODGES. I think it would, but I want to doublecheck it.

(The following was later received for the record:)

EXPLANATION OF THE CARRYBACK PROVISION IN SECTION 317

The carryback provision in section 317 contemplates no change in existing law except to extend the carryback period from 3 to 5 years. Thus, whether or not the carryback legally would survive a shift by a firm to a new line of endeavor, a merger, or a sale would be governed by the principles generally applicable in such cases under the current tax laws.

In addition, the Secretary of Commerce would certify the request of a firm for tax assistance only if such assistance would "materially contribute to the economic adjustment of the firm" (sec. 317(a)(8)).

Senator BUTLER. Mr. Secretary, there is only one other question.

The chairman this morning mentioned a meeting at the White House when Mr. Monnet was there.

Secretary HODGES. Yes, sir.

Senator BUTLER. Were you present at that meeting?

Secretary HODGES. No, sir, I did not know about it.

Senator BUTLER. I was present at that meeting, and I remember that the doctor said that the only thing that would make the Common Market really effective and workable would be a one world government.

Do you agree with that?

Secretary HODGES. I think that is too broad for me, sir.

Senator BUTLER. Do you think that is too broad a statement?

Secretary HODGES. I would think so.

Senator BUTLER. Do you think we are verging on that territory at this moment?

Secretary HODGES. It is a little bit out of my domain, but personally I do not think so.

Senator BUTLER. You do not think that this may be a step that the President—I think they called him the President of the United States and Europe. I think that is probably a little premature, but I think his idea was the only way the Common Market could really be effective was to have one world government.

Secretary HODGES. I think we are a lot further away from one world than when Mr. Willkie mentioned it.

Senator BUTLER. You think we are?

Secretary HODGES. Yes.

Senator BUTLER. I have no further questions; thank you.

The CHAIRMAN. Senator Curtis?

Senator CURTIS. What new powers are granted to the President under this proposal that are not in existing law?

Secretary HODGES. Basically the same powers excepting that under the 80-percent dominant supplier formula, I think, Senator Curtis, he can go down to zero on a reciprocal basis. There are one or two small ones in connection with agriculture, but this is basically the new authority, plus trade adjustment assistance.

Senator CURTIS. What small ones in connection with agriculture?

Secretary HODGES. We have a tropical products authority where we practically do not produce any of it, and he can go down further than 50 percent on those products.

Senator CURTIS. Has the President had the power before to reduce tariffs to zero because the ad valorem rate was under 5 percent?

Secretary HODGES. No, sir.

Senator CURTIS. Has the President ever had the power to reduce below 50 percent where a group of nations got the United States to supply 80 percent of the world market?

Secretary HODGES. No, sir.

Senator CURTIS. Those are new powers?

Secretary HODGES. Yes, sir.

Senator CURTIS. Has any President ever had the power to handle this act for as long a period as 5 years?

Secretary HODGES. I do not know—we had 4 years. I do not recall 5 years.

Senator CURTIS. Has any President since 1951 had authority to negotiate without the peril point?

Secretary HODGES. I do not recall when the peril point was put in. I thought that was later than 1951.

Senator CURTIS. It may have been.

Secretary HODGES. The peril point is still there without the technicality of the actual exact figure.

The peril-point provision, Senator Curtis, still is in the bill.

Senator CURTIS. But the point beyond which they cannot go is not there any more, is it?

Secretary HODGES. No, not as a specific figure, sir.

Senator CURTIS. In fact, you are opposed to a specific figure?

Secretary HODGES. Based on our experience and the Tariff Commission's experience, it does not seem to be practical, sir.

Senator CURTIS. Then there are certain agricultural commodities, articles and agreements in the Common Market which you go below—

Secretary HODGES. If we get a reciprocal concession so that we do not suffer from it, but maintain or expand our exports of the same commodity.

Senator CURTIS. But the authority to establish these relief programs for industry and for workers is an additional power, is it not?

Secretary HODGES. That is right.

This is a brandnew feature, Senator Curtis, of the bill.

Senator CURTIS. And it is additional power to the Executive, is it not?

Secretary HODGES. Yes, it is additional power certainly, because it was not in a previous bill.

It make it much more flexible for the Nation as a whole, and it is more helpful to a firm or worker than previously.

Senator CURTIS. Under existing law, if an industry was damaged to the point that they would qualify for this relief under the proposal, what treatment would they be accorded?

Secretary HODGES. An industry?

An industry has the same right under the new proposed bill as it does under the old bill; namely, of applying for escape clause action or national security action.

Senator CURTIS. Do you plan then to use the relief sections for a company or an industry that are not damaged to the point that the peril-point would serve them at this time?

Secretary HODGES. Put it this way, Senator Curtis: The flexibility of this new provision allows the Government, the country, to take care of, to a certain point, a firm or workers who might not get any relief whatsoever under the present industrywide provision.

As it is now, only tariff relief can be given them.

Senator CURTIS. When you use the word "flexibility," in the matter of delegating constitutional powers, that amounts to giving them enough power to do anything they want, does it not?

Secretary HODGES. Well, I will withdraw the word "flexibility." Given certain specific authorities.

Senator CURTIS. You would not want to withdraw those provisions from the bill, would you?

Secretary HODGES. No, sir.

Senator CURTIS. Just remove it from the terminology.

Well, now, will the most-favored-nation procedure continue?

Secretary HODGES. Yes, sir.

Senator CURTIS. So if tariffs are reduced because it is found that the Common Market countries and the United States account for 80 percent of the free world market and concessions are made, those will apply universally except in the Communist-dominated countries, will they not?

Secretary HODGES. Those which are members of the GATT, we deal with them.

Senator CURTIS. Just members of GATT?

Secretary HODGES. It is all the free world, not the Communists.

Senator CURTIS. Does the favored-nation treatment apply only to the countries that belong to GATT?

Secretary HODGES. No, it applies to all free world countries.

Senator CURTIS. What other countries have the most-favored-nation clause provision?

Secretary HODGES. I cannot answer about the total free world. Certainly all members of the GATT would have to have because that is a basic principle underlying.

Senator CURTIS. Are we a member of GATT?

Secretary HODGES. Yes.

Senator CURTIS. Has it ever been ratified by Congress?

Secretary HODGES. I do not think it has.

Senator CURTIS. What is the average rate of tariff now?

Secretary HODGES. About 11 to 12 percent on dutiable items in this country, and about 14 percent in the Common Market countries at present.

Senator CURTIS. What is it in the major industrial countries of the world?

Secretary HODGES. How is that?

Senator CURTIS. What is it, on an average, in the major industrial countries of the world?

Secretary HODGES. Maybe Dr. Behrman has those details. I was going only on the basic Common Market.

Mr. BEHRMAN. The average for the United States that we have been giving you, Senator, is for industrial commodities. In the United States, about 11 percent.

The Common Market's industrial average is 14 percent.

The comparable figures for other countries: Japan, 19 percent; Austria, 19 percent; United Kingdom, 17 percent; New Zealand, 17 percent; Canada, 16 percent—

Senator CURTIS. Scandinavian countries?

Mr. BEHRMAN. Canada, 16 percent; Australia, 12 percent; Norway, 11 percent; Germany, 9 percent; Sweden, 8 percent; Switzerland, 8 percent; Denmark, 6 percent.

That is on industrial products.

We have some comparable figures on agricultural products which show that we are relatively lower. These are averages on dutiable items.

Now, if you take the average on total trade, dutiable and non-dutiable, then the data show that the EEC, the Common Market, has a level of duties about 7 percent, compared to ours of about 8 percent.

Senator CURTIS. Their duties are selective, are they not?

Mr. BEHRMAN. I am not quite sure—

Senator CURTIS. For instance, what is the duty on automobiles coming into this country?

Mr. BEHRMAN. 6½ percent, sir.

Senator CURTIS. What is it on the major countries of Europe?

Mr. BEHRMAN. 22½ is the common external tariff figure which they will reach eventually before 1970.

Senator CURTIS. For the Common Market?

Mr. BEHRMAN. Yes, sir.

Senator CURTIS. Now, in the Common Market countries, since they have been created or organized, what has been the general trend of their tariffs?

Mr. BEHRMAN. Since they have been organized, the general trend is downward. They have negotiated with us a general 20-percent reduction.

Senator CURTIS. Has not the effect of it been to increase it?

Mr. BEHRMAN. No, sir.

They have moved to an average.

Senator CURTIS. Yes, but as long as they were operating as independent countries, here would be a country that would have a deficit, we had a surplus on something, perhaps wheat, and they would have little or no tariff.

Now, they go into the Common Market, and they take an average tariff or, in some instances, a tariff of a high country, is that not true?

Mr. BEHRMAN. Sir, they take the average of the four national duties.

Senator CURTIS. Yes.

So the only place that we could sell that particular thing is at an increase in tariff, is that not right?

Mr. BEHRMAN. Where we were having our major market previously, let us say Germany and Benelux, which were the lower rate countries, those duties would be increased under the common external tariff.

But, equally, where we had not been selling in the high-duty countries because of the high duties, those duties will now be reduced.

Senator CURTIS. Why do they have a high duty?

Mr. BEHRMAN. Protective duty.

Senator CURTIS. Yes, so we did not have a market for anything.

Mr. BEHRMAN. That is correct, sir. Now we will have one.

Senator CURTIS. So the markets that we have had in Europe, the tariff has been increased on them, is that not true?

Mr. BEHRMAN. And the ones we did not have but now can reach have a lower duty.

Secretary HODGES. France may have had a high one. They will come down to the level. Germany, with a low one, will come up to the level.

Senator CURTIS. What good will that do if they produce all of the commodity they can use anyway?

Secretary HODGES. That is a good question, Senator Curtis.

Mr. BEHRMAN. If they could do that, sir—

Senator CURTIS. It is a good question, and I would like a good answer.

Mr. BEHRMAN. If they could have done that, they would not have needed a protective tariff.

A protective tariff exists because they could not have done that at competitive prices.

Senator CURTIS. How much has the United States reduced tariffs during the effective period of the trade agreements? Our trade agreement law was put in when?

Secretary HODGES. 1934.

Senator CURTIS. Its major agreements were entered into in about 1939 or 1940.

Secretary HODGES. Over 70 percent.

Senator CURTIS. Over 70 percent?

Mr. BEHRMAN. That is a result of two things, Senator Curtis, negotiation and higher prices in the United States, which have resulted in a lowering of the ad valorem equivalents of the specific duties.

It is not all in a duty concession.

Senator CURTIS. Now, during that time, what has happened to tariffs in Europe?

Mr. BEHRMAN. We have bargained them down each time that we reduced our duty.

Senator CURTIS. How much?

Mr. BEHRMAN. To the point where they now average on dutiable items 14 percent compared to our 11; on total, 7 compared to our 8.

Secretary HODGES. And our business is increasing all the time.

Senator CURTIS. You say, percentage-wise, we have reduced by 70 percent or there has been a reduction?

Secretary HODGES. Including change in prices, yes.

Senator CURTIS. Yes.

Now, what is the percentage for the overall?

Mr. BEHRMAN. We did not have, Senator, a common duty which we could compare with in the 1930's. I do not know what their average levels were.

I have no figures on the 1930's, so I cannot answer as to percentage reduction.

Senator CURTIS. During the time that they have reduced some—and I am sorry you do not know how much—has the imposition by them of trade barriers other than tariff increased or decreased?

Secretary HODGES. They have decreased greatly.

Senator CURTIS. Decreased?

Secretary HODGES. Yes.

Mr. BEHRMAN. Substantially since the war; yes, sir.

Senator CURTIS. What countries had systems of quotas back in the late 1930's when this program went into effect?

Mr. BEHRMAN. Practically all of them.

Senator CURTIS. Were they effective quotas?

Mr. BEHRMAN. Yes, sir; they were effective in a sense.

Senator CURTIS. Is it not a matter of fact our trade program was negotiated on such tariffs and then repeatedly the concessions that we have obtained have been nullified by quotas, licensing, import restrictions of various kinds, currency control, sterling blocks, and what have you?

Secretary HODGES. I covered that in my testimony this morning and admitted—

Senator CURTIS. Yes, I followed your testimony.

Secretary HODGES (continuing). Admitted those things and said that we had made great progress, Senator Curtis, in reducing or eliminating them.

We are still working at it and feel very strongly about them.

Senator CURTIS. How much in dollars are we exporting in agricultural commodities?

Secretary HODGES. About \$5 billion a year.

Senator CURTIS. How much of that is subsidized?

Secretary HODGES. About \$2 billion, I would say. Out of the \$20 billion we ship abroad, \$15 billion is manufactured items, etc., about \$5 billion is agricultural.

Of the \$20 billion, about \$2 billion is U.S. Government financed aid but represents purchases from firms or farms in this country.

Senator CURTIS. Is only 40 percent of our agricultural exports limited to those things where we pay an exorbitant subsidy, like wheat, and under the 480 program?

Mr. BEHRMAN. In 1961, the total of foreign currency sales of agricultural programs, famine relief, and nonprofit voluntary agencies, \$1.2 billion.

Senator CURTIS. Would you say that again?

Mr. BEHRMAN. \$1.2 billion.

Senator CURTIS. What did it include?

Mr. BEHRMAN. Farm currency sales, that is the Public Law 480, \$0.9 billion; famine relief, emergency grants and so on, \$0.2 billion; and nonprofit voluntary agencies \$150 million; total of \$1.2 billion.

Senator CURTIS. Now, you add to that the cotton that has been exported under a Government subsidy by the Treasury. How much cotton have we exported under Government subsidy?

Mr. BEHRMAN. I do not have that figure, sir, but those were sold for dollars.

Senator CURTIS. Sold for dollars but subsidized.

Mr. BEHRMAN. The difference between the world price and the U.S. price was subsidized, that is correct, sir.

Senator CURTIS. How much does it cost to subsidize cotton, the export of cotton?

Mr. BEHRMAN. Eight and a half cents a pound, sir. I do not know what the total is.

Senator CURTIS. How much do we export?

Mr. BEHRMAN. We will have to get that for you, Senator Curtis. I do not remember it.

(The information requested follows:)

U.S. exports were 7,532,000 bales in 1960 and 6,302,000 bales in 1961. The export subsidy rate, which applies to all cotton exports except barter, was 6 cents a pound or about \$30 a bale in 1960; this rate was raised to 8½ cents a pound (\$42.50 a bale) in August 1961. At these rates, the subsidy payment for exports totaled approximately \$220 million in 1960 and \$219 million in 1961.

Senator CURTIS. What does it cost to export wheat?

Mr. BEHRMAN. In dollars?

Senator CURTIS. Yes.

Mr. BEHRMAN. That would be the cost of the differential between the world price and the domestic price, which, incidentally, Senator, is less than what it would cost if you kept it here.

Senator CURTIS. That does not make it desirable by any means.

How much is it a bushel?

Secretary HODGES. I expect you had better save direct farm questions for Mr. Freeman.

Senator CURTIS. You spoke with considerable authority and strong feeling for this bill, that it would be good for my people, and I am wondering if we have to make a tariff concession to get people to take our subsidized products. Is not the wheat export subsidy around 65 or 75 cents a bushel, and it has been more than that?

Mr. BEHRMAN. I do not recall, Senator Curtis.

Senator CURTIS. An examination of the hearings before the Ways and Means Committee shows a listing of the items on which you could go to zero.

Mr. BEHRMAN. Yes, sir.

Senator CURTIS. And it also shows a list of those now considered that you could reduce below the 50 percent by reason of the fact that the Common Market countries and the United States apply 80 percent.

Are those lists complete now?

Secretary HODGES. They are in your annex to this testimony, sir, in the record.

Mr. BEHRMAN. They are not complete. These are samples of the illustrative list taken for 1 year, and the House bill, as indicated, would require to take it for 2 years out of the preceding 5.

Senator CURTIS. Now, what is the measure that you will use to determine whether these relief provisions in the bill will be available?

What is the test?

Mr. BEHRMAN. The test would be, first, that applied by the Tariff Commission as to whether or not the company had suffered injury as a result of imports due to a concession. These would be essentially the same as before.

Senator CURTIS. Does it have to be as a result of imports?

Mr. BEHRMAN. It has to be as a result of imports as a result of a concession.

Senator CURTIS. Does it have to be a company that is producing what has been imported?

Mr. BEHRMAN. Yes, sir; or directly competitive. It does not have to be identical but, as pointed out in the question a minute ago, it would have to be directly competitive.

Senator CURTIS. All right.

Now, if a factory closes because of imports, they would come under the purview of this act to make an application for relief, would they not?

Mr. BEHRMAN. If they—

Senator CURTIS. They might not be able to prove it, but they would come in and make an application, is that right?

Mr. BEHRMAN. If it still exists, and is still trying to make a go of it, there is an ownership there and they can apply, yes, sir; they would come under this.

Senator CURTIS. What if they go broke?

Mr. BEHRMAN. If they went broke before this act goes into effect—

Senator CURTIS. No, no, after the act goes into effect. It affects them so badly that there is no ownership left.

Mr. BEHRMAN. After the act goes into effect, if they will apply while they are still a legal entity, and are still trying to meet import competition, they come under it; yes, sir.

Senator CURTIS. Now, suppose there is in the same city a concern whose major business is supplying the factory that closed because of imports.

Could they apply for relief?

Mr. BEHRMAN. No, sir.

We have felt that this liability had to be cut off somewhere. We discussed it in terms of whole communities and the impact, and it was decided to limit the liability to the directly affected company.

Senator CURTIS. Now, Mr. Secretary, I would like to ask you how this would work out in the State of North Carolina. Suppose you have a factory that is closed or nearly closed. They make application and they qualify.

We will assume the facts are such that they can qualify.

What benefits will the workers who are out of a job be able to receive?

Secretary HODGES. Senator, let us move out of North Carolina, because I am Secretary of Commerce of all 50 States.

Senator CURTIS. I understand.

Secretary HODGES. Let us put it anywhere.

Senator CURTIS. My next question is going to deal with the State law and I am going to ask you about it.

Secretary HODGES. All right, let us take South Carolina or Alabama or somewhere. It does not make any difference where you take it. The principle holds good.

Assuming that this firm has been declared by the Tariff Commission as having had injury or threat of injury because of a tariff action on the part of the Federal Government, the company can—on its own volition, no compulsion—can make application for its own forms of relief under this bill.

That company would present a program of its own which might say, "We think we need \$200,000 worth of new machinery, \$50,000 more for certain kinds of inventory, this or that, and we need certain technical assistance, and can you help us get a marketing expert on turning to something else?"

All of this would be available to him, to the firm, plus this tax carry-back that I mentioned, the loss carryback, for 5 years instead of 3.

That is the firm.

In the case of the worker, let us say he is in South Carolina and you had a situation there where you have unemployment compensation laws and rules.

The State unemployment commission would decide as to whether or not this worker was eligible for unemployment compensation under their rules as well as the rules in connection with this tariff situation I am talking about.

The Federal Government then would, for that worker, pay him any balance over and above the State compensation level necessary to bring him to 65 percent of his average weekly wage for 52 weeks, or 65 percent of the national average manufacturing wage, whichever is lower.

We figured that might be on the average for the country about \$47 as the best guess we know, and it might be \$5 to \$10 a week, or more, beyond what a man across the street might be getting who is out of work for another reason.

Senator CURTIS. He might get \$47?

Secretary HODGES. In a particular State he might get \$37 regular compensation and a federal supplement of \$10, making it \$47. I am thinking of the general average of the country.

Senator CURTIS. For what period?

Secretary HODGES. For 12 months.

Senator CURTIS. \$47 a what?

Secretary HODGES. \$47 a week.

Senator CURTIS. For a year?

Secretary HODGES. A year, unless—

Senator CURTIS. Now, before we leave that, suppose the man across the street was working for the concern that supplied this firm, and he applies for unemployment compensation under the State system.

Secretary HODGES. Yes.

Senator CURTIS. What will he get?

Secretary HODGES. He will get whatever the State—

Senator CURTIS. That is the reason I confined it to North Carolina. What would he get?

Secretary HODGES. I do not know what he would get. I do not even know what it is in North Carolina. Let us say it is \$37 instead of \$47, just to make the point.

Senator CURTIS. Do you think it is that high?

Secretary HODGES. Let us call it \$27. I do not care what you call it.

Senator CURTIS. For how long a time?

Secretary HODGES. I do not even remember that. I would say from 26 to 39 weeks, depending on the State of the Union.

Senator CURTIS. Now, who pays the compensation of the individual who gets it by reason of this bill?

Secretary HODGES. The State pays its part. The Federal Government makes up the difference for the extra amount per week and for the extra number of weeks.

Senator CURTIS. The Federal Government pays the difference?

Secretary HODGES. Yes, sir.

Senator CURTIS. And who pays the State?

Secretary HODGES. The State pays its part.

Senator CURTIS. How much do you expect that this program will cost?

Secretary HODGES. We have got the figure here, if somebody can give it. The best we can figure, both for the firms and for the workers—

Mr. BEHRMAN. About \$122 million over 5 years for the firms; about \$45 million for the workers in the same period, 5 years.

Senator CURTIS. \$45 million?

Mr. BEHRMAN. Over 5 years.

Senator CURTIS. Will this measure increase imports?

Secretary HODGES. Will this measure increase imports?

Senator CURTIS. Yes.

Secretary HODGES. It could, but it ought not to increase them more than relative to greater exports, if that much.

Senator CURTIS. Why do we want to increase imports?

Secretary HODGES. I did not say we wanted to increase imports. I always believe in getting the better side of it.

I want to sell more than I buy. But whenever you sell, you have to buy some.

Senator CURTIS. Yes.

Secretary HODGES. That is normal.

Senator CURTIS. In other words, you want to obtain more exports by importing more?

Secretary HODGES. I will put it this way:

We need to sell more goods somewhere, and we think that the developing markets offer a great opportunity, which we need badly, for this great country to sell more goods, and in the process we will be buying some more goods, which will not hurt us too much.

Senator CURTIS. In this vast request for power to go clear to zero in tariffs, now, this is to increase imports; is it not?

Secretary HODGES. That is to increase exports.

Senator CURTIS. By increasing imports; is it not?

Secretary HODGES. I will answer it again the same way because you are taking it negatively, and I am taking it positively, so we will go at it the other way.

We are getting more exports, and normally you would have to buy some more goods. Therefore, you would have more imports.

Senator CURTIS. But you are asking to lower tariffs in order to increase imports because you believe that will increase exports?

Secretary HODGES. No, sir, the other way around; the other way around completely, and I could argue for hours on that.

Senator CURTIS. How will the lowering of our tariffs increase our exports?

Secretary HODGES. We have more to gain, Senator Curtis, from getting those other nations which have been pretty tough bargainers, and still are, we have more to gain by getting them to zero than we have to lose if we go to zero.

Senator CURTIS. Do you anticipate getting any of them down to zero?

Secretary HODGES. Yes, sir.

If not, I would not go down to zero for us.

Senator CURTIS. What, for instance?

Secretary HODGES. Whatever we are dealing on. I cannot pick it out. We would have to go into negotiations.

Senator CURTIS. What countries have authority to go down to zero in negotiations?

Secretary HODGES. I would suppose that anybody in the Common Market, the rest of them would have authority to go down to it. I do not know the details of each one of them.

Senator CURTIS. Do you think the Common Market would have authority to go down to zero?

Secretary HODGES. Yes; I would say so.

Senator CURTIS. On what items?

Mr. BEHRMAN. Any items.

Secretary HODGES. I do not know any item that would be excepted, Senator Curtis.

Senator CURTIS. You believe that the negotiators, without getting authority from the countries that make up the Common Market specifically, have at this time authority to go to zero?

Secretary HODGES. They have basic authority, and they usually have a small group, one or more people, who has the authority to speak for all of them.

They are much more flexible in that regard than we are.

Senator CURTIS. I am not doubting your word, but I would like for the record some authority as to whether or not the countries making up the Common Market have already delegated to the Common Market negotiators authority to go down to zero.

Mr. BEHRMAN. Putting it that way, Senator, no; they probably have not given the negotiators such authority, because there is no negotiation pressing presently for which you would need that authority.

Each country in the Common Market itself as a community has that authority, however.

They have discussed it with the community already, our representatives.

We know that they will be willing under negotiation to extend that authority to their representative negotiator to meet our negotiation problem.

Senator CURTIS. You say that you know that they are willing to do that.

Now, who is willing to do it?

Mr. BEHRMAN. The EEC community.

Senator CURTIS. The bargaining agent for the whole Common Market countries?

Mr. BEHRMAN. The Commission itself has discussed this sufficiently to indicate to us that they are willing to negotiate on that position.

Senator CURTIS. But they have not yet been delegated authority to do it?

Mr. BEHRMAN. The negotiator himself, so far as I know, would not request that authority because there are no negotiations presently.

Senator CURTIS. But they do not have such authority now?

Mr. BEHRMAN. They do have the authority. The negotiator has not necessarily been given it.

Senator CURTIS. What question did you answer me by saying "No" a bit ago?

Mr. BEHRMAN. As in our negotiations, there is a difference between the authority and a transmittal of that authority to a representative.

The special representative is set up in this bill. He has no authority yet. They have a negotiating representative. He has no authority because no negotiations are present.

Senator CURTIS. After negotiations are made, how many of those countries have to refer the items agreed on back to their legislative branch?

Mr. BEHRMAN. So far as I know, legislative ratification is not necessary. Each representative of the member countries on the Commission must ratify the activities of the negotiating representatives, but there need not be legislative ratification.

Senator CURTIS. Who must ratify?

Mr. BEHRMAN. The representative of each of the countries on the Commission.

Senator CURTIS. Then these representatives of each of the countries on the Commission, how much authority have they already given?

Mr. BEHRMAN. Again, Senator, so far as I know, since there are no negotiations in being or immediately in the offing, no authority is needed to be given the negotiator, and he would have none. There is no posture needed to be taken.

Senator CURTIS. They have not given an authority, a blanket authority, of any 5 years or 3 years or something of that sort; is that correct?

Now, coming back to these agricultural statistics that I went into a while ago, you had a figure of \$1.2 billion, and that was exclusive of cotton, wheat, and other export subsidies.

Did that include foreign aid?

Mr. BEHRMAN. No, sir.

That was agricultural sales only, as you asked.

Senator CURTIS. To what extent is foreign aid added to agricultural exports?

Mr. BEHRMAN. In terms of the balance of payments, the mutual security program would add another \$500 million, export, not agricultural—are you asking only for agricultural now?

Senator CURTIS. Give it to me for everything.

Mr. BEHRMAN. The Export-Import Bank loans of \$600 million; other programs, \$4 million; total Government grant and capital transactions directly financing U.S. exports amount to \$2.4 billion in 1961, minus the use of foreign currencies, so it is \$2.2 billion agricultural and aid.

Senator CURTIS. How many additional jobs do you anticipate will be created by this legislation?

Secretary HODGES. I do not think that any figure has been put down as to how many additional jobs that you would have. It has been put down by how many you might lose.

Senator CURTIS. How many might you lose?

Secretary HODGES. If you put it on a ratio, Senator, it has been suggested by the Bureau of Labor Statistics that, at present, we employ the equivalent of 3.1 million people to produce our present exports of \$20 billion, and that almost 1 million additional people are employed in all activities affecting our imports. I think it is figured 80,000 to 90,000 people could be put out of work, as the best they can figure by this program here.

How many more jobs will depend on how much more we import. Every import dollar affects a part of a person.

Senator CURTIS. Imports into this country will increase jobs?

Secretary HODGES. Yes, sir.

We have nearly a million tied in with it in one form or another.

Senator CURTIS. But the hoped-for increased exports that you anticipate in this bill—how many jobs is it going to create?

Secretary HODGES. I can work it out on an arithmetical basis. If you had \$1 billion extra of exports, and our goal is \$2 billion more by the end of next year, about 150,000 jobs for every \$1 billion worth of export business.

Senator CURTIS. Every billion dollars?

Secretary HODGES. Yes.

Senator CURTIS. Percentage-wise, how much do you expect to increase our exports with this delegation of authority?

Secretary HODGES. We have set a goal, sir, through the Export Coordinator that at the present point is working within our department, working with all agencies. We have set a goal that, admittedly, is a high goal—set a goal next year of \$2 billion more of exports.

Senator CURTIS. That would create how many jobs?

Secretary HODGES. That would be 300,000 on this arithmetical basis.

Senator CURTIS. 300,000?

Secretary HODGES. On this basis.

Senator CURTIS. And how many do you anticipate you will lose?

Secretary HODGES. I said over the 5 years under the figures we are using here, I think it is a maximum of 80,000 or 90,000.

Senator CURTIS. But this 300,000 that you gain in 2 years, that is just an estimate, a goal?

Secretary HODGES. Yes, sir; that is right. We do not know how many.

Senator CURTIS. So if your goal is reached, it is not going to be much of a dent in the unemployment, is it?

Secretary HODGES. No, sir; not on 4 or 4½ million people, but it helps that much.

Senator CURTIS. Now, the 90,000 or 100,000 that would be displaced over a period of time, is that figure confined to those directly replaced that would be eligible for relief under this?

Secretary HODGES. I do not know what figure you used, Senator.

Senator CURTIS. I used your figure.

Secretary HODGES. I thought you said 100 million.

Senator CURTIS. No, no; I said 90,000 or 100,000. If I said "million," I did not mean it—90,000 or 100,000.

Secretary HODGES. Around this Government we use pretty high figures, as you know, too many times.

They would be those that we think would get aid under this.

Senator CURTIS. So that figure would not include those that are in direct labor?

Secretary HODGES. No, it would not, sir, and I did not mean to mislead you. I was only giving what we had, I said what we figured on this bill we would lose. I do not know what the figure might be if we carried it right down.

Senator CURTIS. So the people that are selling to that factory, the people who are selling and servicing these 90,000, or whatever it turns out to be, they are not included?

Secretary HODGES. That is right, sir. That is right.

Mr. BEHRMAN. You have to add, also, Senator, those that would be employed by an increase of imports.

Senator CURTIS. How will that increase employment?

Secretary HODGES. Senator, anything that you distribute, whether you distribute imports from abroad or goods produced here you find that a whole lot of people are employed by it, and it costs a whole lot more money.

Senator CURTIS. But suppose you distribute an imported product where you have been distributing a domestic product. From the distribution and servicing, how does that increase employment?

Secretary HODGES. Assuming that your domestic production stayed the same, it certainly would increase employment because you would have to have people to handle it, to distribute it, to sell it, to advertise it.

Senator CURTIS. I understand that.

Secretary HODGES. To load it.

Senator CURTIS. But how does that same amount of distributing, advertising, and selling domestic articles, why is the amount of employment provided greater if it is imported?

Secretary HODGES. It is not greater from that standpoint. I am only giving you the absolute for handling that amount of imports without regard to what happens otherwise. That has been covered in a different situation.

Of course, Senator, it is not all black and white. If I may be allowed to give an illustration from my own experience, these things do not happen solely because of imports. I used to have the responsibility for 29 separate factories. Fourteen of them were closed down within a period of 2 years because, when we looked at them for the first time, they simply were not well done.

They did not have good machinery. They did not have good products, good methods. But in the 15 that we put in good shape, we doubled the sales of the whole 29.

That is the way this country runs itself, and if you have somebody where they may be having an import item that bothers them, the ingenuity of this country will turn to something else, and if they get modern in their machinery and their method, including distribution, they will have no trouble competing.

Senator CURTIS. Are we behind in our modernization of plants?

Secretary HODGES. Yes, sir.

Senator CURTIS. And what countries are we behind?

Secretary HODGES. I would say two of the toughest competitors are Germany and Japan.

Senator WILLIAMS. Will the Senator yield at that point?

Senator CURTIS. Yes.

Senator WILLIAMS. What percentage of their modern capacity was financed with our money?

Secretary HODGES. I would say quite a good portion of it, sir, and it turned out to be a pretty good investment. I think somewhere along the line we ought to slow down on some of it, but it turned out to be a pretty good investment, what we did there, because we helped them out.

Senator CURTIS. What did you say our total amount of exports was?

Secretary HODGES. A little over \$20 billion last year, about \$20.5 billion.

Senator CURTIS. If we were not compelled to carry on our worldwide defense operations, and I think we must and I support it, and if we had no export subsidies, and if we were not financing these things through foreign aid, how much exports would we have?

Secretary HODGES. We would have \$18 billion worth of exports after taking away from it these exports that were covered by U.S. aid to other countries, though the whole \$20 billion was purchased from people in this country.

We got the benefit out of it in the domestic economy. We simply cannot count it in the net figures because we use our own dollars to purchase it with.

Senator CURTIS. But this \$20 billion of exports we had, if it were not for our necessary worldwide defense activity, our export subsidies, and our foreign aid, what do you think that would amount to?

Secretary HODGES. I still think we would have roughly the same amount of exports on actual sales to foreign countries, and I think that we can continue, and I think that considering what we are doing in our foreign obligations, our international obligations, we can close much of this balance-of-payment gap if we get about \$2 to \$3 billion more exports.

Senator CURTIS. Now, this committee had a good many days of hearing testimony from American industry in regard to the tax on income earned outside the United States. I think I have been here for all of it, and I do not believe an American businessman testified in support. All said it would hurt exports from this country.

Do you agree with them or disagree?

Secretary HODGES. You mean that would hurt exports, Senator Curtis?

Senator CURTIS. The administration's proposal to change the tax on income earned outside the United States.

Secretary HODGES. I would not know about that. I would not be able to comment because I have just been studying and discussing the trade bill and I have not kept up with the tax bill.

Senator CURTIS. I think it would be worthwhile to examine the testimony we had taken for days and days and days and to obtain the information. I cannot think of a single American concern which has come in here and supported the administration proposal, and literally hundreds—at least dozens—of well-qualified witnesses have come in and said that it would not build up our exports.

Secretary HODGES. I would not know, sir.

Senator WILLIAMS. Will the Senator yield?

Senator CURTIS. Yes.

Senator WILLIAMS. Mr. Secretary, that is a rather important point because we had several witnesses state and tell this committee that the two proposals are in conflict, and while I appreciate the fact that you may have been busy, as stated in your answer, would you make a study of the proposals of the administration on the foreign tax proposals and give this committee a memorandum as to whether or not you think they are consistent, or would you give us the benefit of your opinion, because I have great respect for that opinion in your capacity.

Secretary HODGES. I will give you the benefit, Senator, of whether or not we see that it affects exports one way or the other.

Senator WILLIAMS. Well, would you have any objection to giving us the benefit of your opinion as to the wisdom of the enactment of the proposal?

Secretary HODGES. I would hope you would have the tax bill out before I gave an opinion.

Senator WILLIAMS. I venture to predict that you will have your opinion ready about the time we get the bill out, and I think if we could get that opinion it would help expedite it.

Would you have any objection to giving us your opinion on it?

Secretary HODGES. Senator, I usually am very forthright. I am not getting into the tax bill, and even though it may seem illogical, I do not claim that there is any logic in government either.

Senator WILLIAMS. It seems that anyone who has been connected with American industry is reluctant to speak up for it, so maybe that is the answer that I was wishing for or seeking.

Secretary HODGES. Mr. Chairman, may I ask for permission to include in the record, and I hope it will be helpful to all members of the committee, a survey of the origin of exports of manufactured products by States, showing each State (this will give you all the data available by States), as well as a memorandum explaining the workers' benefits that Senator Curtis asked for that may be helpful to you?

The CHAIRMAN. It will be received.

(The documents referred to follow:)

Each of the 50 States participates in U.S. exports. The Bureau of the Census recently conducted a comprehensive survey to determine the geographic origin of exports of manufactured products for 1960. This is the first survey of its kind in our history and manufactured exports were reported from every one of our 50 States. At this time, Mr. Chairman, I would like to place in the record the Current Industrial Reports, Series M-161 (60-1) released May 4, 1962, which is a complete report on the results of this survey by the Bureau of the Census.

Current Industrial Reports

BUREAU OF THE CENSUS
Richard M. Scammon, Director

FOR RELEASE:
May 4, 1962

SURVEY OF THE ORIGIN OF EXPORTS OF MANUFACTURED PRODUCTS: 1960

This report covering the year 1960 includes distributions of manufacturers' exports by regions, States, and metropolitan areas, and by Standard Industrial Classifications. The information was reported by manufacturers to the Census Bureau for plants whose products are known to be exported.

Table 1, Value of Exports of Manufactured Products, by Divisions and States, and by Major Product Groups: 1960, first released by the Secretary of Commerce on January 29, 1962, includes a distribution by region and State of total national exports of manufactured products in 1960 amounting to \$15.4 billion at f.o.b. factory prices*. The manufacturing establishments reporting in the survey accounted for \$9.8 billion. The balance, exported through wholesalers or other purchasers whose intention to export was not known to the manufacturers, and by small manufacturers not covered in the survey, was distributed by the Census Bureau using specifications supplied by the Office of Business Economics.

The remaining tables (tables 2A, 2B, 2C, and 2D) in this publication cover only data reported by manufacturers in the survey. Although short of national foreign trade totals, the figures in these tables underscore the widespread nature of exporting in the manufacturing field, and the industries participating. Industries or areas where exports did not amount to \$1 million or more, where the Census mailed only to known large exporters, or where there was a disclosure according to Census calculations are not listed in tables 2A, 2B, or 2C.

The 1960 Census Survey (MA-161) covered plants with more than 100 employees included in the Annual Survey of Manufactures and exporting \$25,000 or more in 1960. The Annual Survey includes all plants with 100 or more employees. A 1958 Survey, "Distribu-

tion of Manufacturers' Sales" (NCK-4M and S) showed that those plants accounted for practically all exports made directly by manufacturing companies. Establishments in some industries with a small amount of exports in relation to the total number of establishments involved, were asked to report in the survey only when the parent company was known to export at least \$1 million per year. Industries handled in this fashion included the textile, apparel, lumber, and furniture groups and some individual industries in other groups.

Manufacturers reported total exports made by each establishment. The industry or product classification of the exports reported in the survey therefore, depend upon the industry classification of the plants as assigned in the Annual Survey of Manufactures. At the level of the 20 broad groupings particularly, the industry classification is very close to product classification. In technical classification language, the amount of secondary products crossing broad 2-digit lines is unimportant. In cases where there are a few establishments represented in a particular figure and the industry classification is finer than the 20 broad classes, differences will arise between industry and product but these classification problems are not considered more important than other reporting problems in this field. The significance of the difference between products and industry at the four-digit level is shown in the 1958 Census of Manufactures publication MC58(S)-4, Industry Descriptions (see Specialisation Ratio).

The relation of the commodity information from the survey to the commodity data in the national foreign trade statistics in table 1 was made possible by the classification system provided in the recent Census publication, "U.S. Commodity Exports as Related to Output, 1958."

*The total value at port is \$16,896 million. This figure exceeds the 1960 Census Bureau's Foreign Trade figures for exports of manufactured foodstuffs, semimanufactures and finished manufactures by some \$800 million. Figures given here include exports to Puerto Rico, bunker sales of fuel to foreign vessels, and certain other adjustments developed by the Bureau of Labor Statistics in their study of direct and indirect employment attributable to exports.

Table 1.—VALUE OF EXPORTS OF MANUFACTURED PRODUCTS,
(The estimated totals are accompanied by figures (in parentheses)
(Figures in

Geographic division and State		Exports of manu- factured products	Food and kindred products (20)	Tobacco products (21)	Textile mill products (22)	Apparel and related products (23)	Lumber and wood products (24)	Furni- ture and fixtures (25)	Paper and altered products (26)	Printing and publishing (27)
1	Total value at port.....	16,896.0	1,494.6	498.4	499.8	259.5	189.8	46.1	456.9	146.5
2	Total value f.o.b. producing plant.....	15,459.3	1,587.6	446.8	456.1	213.7	147.9	42.5	405.9	137.8
3	Reported by manu- facturers.....	(9,792.4)	(659.4)	(158.0)	(39.7)	(1.2)	(20.5)	(0.5)	(261.7)	(57.0)
4	New England.....	1,013.7 (521.8)	34.7 (1.7)	2.5 (...)	66.3 (...)	16.5 (...)	6.7 (...)	2.2 (...)	29.8 (18.9)	6.8 (...)
5	Maine.....	37.5 (14.5)	6.1 (...)	... (...)	2.9 (...)	0.5 (...)	2.9 (...)	0.1 (...)	10.0 (8.1)	0.1 (...)
6	New Hampshire.....	24.7 (50.5)	1.5 (...)	... (...)	4.6 (...)	0.2 (...)	1.1 (...)	0.1 (...)	4.4 (...)	0.2 (...)
7	Vermont.....	28.1 (15.5)	2.6 (...)	... (...)	2 (...)	0.2 (...)	0.8 (...)	0.1 (...)	0.4 (...)	0.2 (...)
8	Massachusetts.....	455.2 (284.4)	18.1 (1.3)	0.7 (...)	30.0 (...)	12.2 (...)	1.3 (...)	1.2 (...)	11.2 (5.7)	3.7 (...)
9	Rhode Island.....	65.9 (22.2)	1.9 (...)	... (...)	20.0 (...)	0.9 (...)	0.1 (...)	0.1 (...)	0.3 (...)	0.5 (...)
10	Connecticut.....	329.9 (244.7)	4.5 (...)	1.8 (...)	2.5 (...)	2.5 (...)	0.5 (...)	0.4 (...)	2.1 (...)	2.0 (...)
11	Middle Atlantic.....	3,526.1 (2,271.2)	298.0 (134.4)	12.4 (1.1)	27.6 (4.0)	129.7 (...)	7.4 (...)	2.2 (0.5)	42.1 (21.0)	21.1 (15.7)
12	New York.....	1,417.4 (821.1)	142.2 (80.4)	8 (...)	27.0 (...)	60.5 (...)	3.6 (...)	4.5 (...)	17.5 (8.8)	36.0 (20.0)
13	New Jersey.....	27.0 (27.2)	25.9 (26.9)	0.5 (...)	28.8 (...)	14.1 (...)	1.0 (...)	1.0 (...)	10.4 (5.4)	4.6 (1.2)
14	Pennsylvania.....	1,189.3 (759.7)	148.7 (7.0)	32.0 (1.3)	31.8 (...)	31.3 (...)	2.8 (...)	2.2 (...)	14.0 (8.5)	20.1 (14.2)
15	West North Central.....	4,229.8 (3,119.5)	377.7 (154.1)	3.1 (...)	16.0 (2.2)	29.9 (...)	14.1 (...)	11.1 (0.5)	29.1 (9.4)	36.0 (15.7)
16	Ohio.....	1,229.4 (21.3)	47.1 (5.1)	2.9 (...)	7.2 (2.2)	6.4 (...)	1.9 (...)	2.5 (...)	8.8 (3.7)	7.5 (2.2)
17	Indiana.....	426.6 (13.2)	14.6 (13.5)	2 (...)	0.5 (...)	2.1 (...)	2.1 (...)	2.3 (...)	2.0 (...)	2.5 (...)
18	Illinois.....	1,407.8 (271.8)	129.8 (26.3)	0.4 (...)	4.6 (...)	11.3 (...)	2.5 (...)	2.9 (...)	6.5 (...)	20.5 (11.2)
19	Michigan.....	228.7 (264.5)	42.2 (7.2)	0.2 (...)	1.6 (...)	3.0 (...)	2.4 (...)	2.4 (...)	3.8 (2.3)	2.5 (...)
20	Wisconsin.....	411.4 (270.0)	39.0 (11.2)	2 (...)	2.0 (...)	1.0 (...)	4.9 (...)	1.0 (...)	3.6 (2.0)	2.9 (...)
21	West North Central.....	720.0 (378.6)	260.6 (155.4)	0.5 (...)	2.9 (...)	2.0 (...)	4.6 (...)	1.5 (...)	11.5 (...)	7.8 (1.1)
22	Minnesota.....	176.4 (22.5)	49.4 (16.7)	2 (...)	1.5 (...)	1.9 (...)	1.5 (...)	0.5 (...)	3.6 (...)	1.8 (...)
23	Iowa.....	245.0 (221.4)	39.6 (28.5)	... (...)	2 (...)	0.7 (...)	1.0 (...)	0.5 (...)	0.4 (...)	1.5 (...)
24	Missouri.....	125.0 (21.5)	30.4 (17.3)	0.5 (...)	1.3 (...)	4.9 (...)	1.5 (...)	0.6 (...)	3.0 (...)	2.9 (...)
25	North Dakota.....	2.4 (...)	1.6 (...)	... (...)	... (...)	... (...)	... (...)	... (...)	2 (...)	0.1 (...)
26	South Dakota.....	7.4 (...)	6.6 (...)	... (...)	... (...)	... (...)	... (...)	... (...)	2 (...)	0.1 (...)
27	Nebraska.....	41.9 (14.5)	28.7 (2.6)	... (...)	... (...)	... (...)	... (...)	... (...)	0.1 (...)	0.4 (...)
28	Montana.....	26.6 (26.7)	33.8 (26.1)	... (...)	... (...)	... (...)	... (...)	... (...)	0.3 (...)	0.6 (...)

See footnotes at end of table.

BY DIVISIONS AND STATES, AND BY MAJOR PRODUCT GROUPS: 1960

actually reported to the Census Bureau by exporting manufacturers)

(millions of dollars)

Chemicals and allied products	Petroleum and coal products	Rubber and plastics products, nec	Leather and leather products	Stone, clay and glass products	Primary metal industries	Fabricated metal products	Machinery, except electrical	Electrical machinery	Transportation equipment	Instruments and related products	Miscellaneous manufacturing
(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39 & 40)
8,082.1	659.9	306.3	22.9	221.0	1,220.8	598.5	3,122.0	1,112.4	2,804.3	470.6	399.6
1,792.3	325.2	229.6	27.4	122.4	1,050.2	325.5	2,294.1	1,011.9	2,622.6	429.2	429.6
(1,567.5)	(536.7)	(160.0)	(32.6)	(127.3)	(899.8)	(321.6)	(2,202.5)	(672.9)	(1,227.3)	(229.2)	(112.2)
31.7	1.0	40.3	23.8	17.9	20.9	49.4	268.0	29.8	123.0	61.0	29.2
(54.7)	(D)	(20.8)	(8.7)	(11.4)	(16.3)	(26.8)	(120.7)	(56.8)	(D)	(11.7)	(21.1)
7	8	8	3.4	...	...	...	...	1.0	1.8	...	0.3
(D)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(0.3)	(D)	(...)	(D)
8	...	4	4.0	3	7.3	...	27.2	2.3	2	...	0.5
(...)	(...)	(...)	(0.4)	(D)	(D)	(D)	(17.1)	(1.5)	(...)	(...)	(D)
0.1	...	5	1	2.1	8	8	16.6	2.2	...	...	1.6
(...)	(...)	(...)	(...)	(...)	(...)	(...)	(11.7)	(1.5)	(...)	(...)	(D)
27.0	4	26.1	17.1	10.9	6.1	23.4	126.0	49.1	4.7	34.7	29.3
(12.7)	(D)	(14.4)	(7.4)	(D)	(0.3)	(12.5)	(29.1)	(36.3)	(D)	(23.9)	(23.2)
8	4	4.4	3	7	7	1.9	13.9	3.1	1.0	2.3	7.8
(D)	(D)	(1.8)	(...)	(D)	(D)	(0.8)	(D)	(1.7)	(D)	(D)	(2.0)
20.7	2	2.2	9	3.8	3.8	21.3	76.8	27.9	124.0	23.0	20.3
(15.0)	(...)	(4.2)	(D)	(2.4)	(2.2)	(12.5)	(24.2)	(19.0)	(D)	(13.5)	(10.5)
466.1	130.6	62.1	21.4	67.9	330.3	131.4	610.2	320.8	427.7	226.2	111.7
(341.2)	(99.2)	(29.9)	(9.2)	(43.0)	(290.4)	(89.8)	(460.3)	(243.7)	(343.7)	(137.8)	(34.4)
129.1	7.4	20.1	13.6	26.7	77.7	27.7	229.3	122.3	145.0	120.1	21.0
(108.9)	(D)	(3.7)	(2.4)	(16.2)	(26.7)	(21.0)	(212.1)	(91.8)	(112.5)	(109.3)	(23.2)
207.7	22.7	22.5	2.5	11.9	22.3	20.3	70.8	77.9	121.9	15.0	9.9
(130.6)	(D)	(15.2)	(D)	(7.3)	(24.7)	(14.1)	(30.9)	(53.3)	(131.6)	(21.2)	(2.2)
129.2	21.1	17.3	3.2	22.2	122.9	21.4	224.0	24.1	120.7	111.1	20.6
(81.7)	(27.0)	(8.8)	(D)	(12.3)	(166.3)	(20.7)	(121.3)	(23.0)	(99.3)	(27.3)	(7.1)
272.3	30.3	121.7	25.9	32.6	222.3	179.3	1,422.5	322.0	1,020.1	76.2	29.4
(127.4)	(16.7)	(72.0)	(16.4)	(26.3)	(191.3)	(120.3)	(1,125.4)	(277.1)	(721.2)	(29.2)	(24.8)
67.6	6.1	22.5	2.4	22.2	119.3	29.6	372.2	122.8	124.3	13.1	12.4
(24.8)	(2.8)	(29.3)	(D)	(17.2)	(102.2)	(22.2)	(222.2)	(24.9)	(222.1)	(22.1)	(7.1)
20.1	4.9	3.3	4	3.4	32.5	30.3	29.1	73.2	120.3	4.1	2
(13.8)	(D)	(1.2)	(...)	(D)	(22.3)	(22.1)	(22.1)	(22.2)	(22.2)	(2.2)	(1.2)
22.6	13.2	20.9	12.8	7.2	41.9	20.7	222.9	122.9	130.2	32.0	22.0
(11.1)	(7.6)	(7.2)	(12.7)	(2.2)	(13.4)	(29.7)	(222.2)	(22.2)	(112.2)	(11.2)	(10.0)
22.3	4.4	7.2	2	12.0	46.0	22.7	122.4	31.7	122.1	22.2	22.6
(22.0)	(D)	(3.3)	(D)	(2.2)	(21.3)	(12.4)	(122.4)	(22.7)	(22.2)	(22.2)	(2.2)
2.2	1.3	2.7	3.4	1.3	6.3	16.0	220.7	20.1	42.3	12.1	7
(3.1)	(...)	(...)	(0.7)	(D)	(3.9)	(11.2)	(120.0)	(22.2)	(32.2)	(3.1)	(D)
22.7	7.2	10.7	3.2	12.2	10.0	22.2	222.2	22.2	42.1	22.2	21.4
(27.9)	(2.6)	(D)	(...)	(D)	(D)	(12.4)	(122.2)	(22.2)	(21.2)	(11.2)	(3.4)
7.7	1.2	1.3	2	3.1	1.0	3.3	22.2	11.0	1.1	19.1	2.1
(D)	(D)	(0.4)	(...)	(D)	(D)	(D)	(22.2)	(2.7)	(0.4)	(D)	(0.2)
4.3	3	2.7	2	...	3.0	7.2	22.2	22.2	22.2	2.2	4.3
(D)	(...)	(D)	(...)	(...)	(D)	(3.4)	(22.2)	(22.2)	(22.2)	(D)	(2)
22.3	3.1	1.3	3.4	2.3	4.6	7.2	22.7	11.7	11.0	1.6	12.9
(17.2)	(D)	(...)	(...)	(D)	(D)	(4.6)	(22.2)	(D)	(D)	(D)	(1.9)
2	...	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	2
(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)
1	...	2	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	2
(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)
2	0.1	7	2	(...)	3	7	9.9	2	7	7	1.3
(D)	(...)	(D)	(...)	(...)	(...)	(...)	(0.4)	(D)	(D)	(D)	(D)
3.4	2.1	4.4	2	1.1	...	3.1	12.7	...	33.0	...	0.3
(D)	(D)	(D)	(...)	(D)	(...)	(D)	(D)	(...)	(D)	(...)	(...)

Table 1.—VALUE OF EXPORTS OF MANUFACTURED PRODUCTS,
(The estimated totals are accompanied by figures in parentheses)

(Figures in

Geographic division and State	Exports of manu- factured products	Food and	Tobacco	Textile	Apparel	Lumber	Furni- ture and	Paper	Printing
		kindred products (20)	products (21)	mill products (22)	and related products (23)	and wood products (24)	fixtures (25)	and allied products (26)	and publish- ing (27)
1 South Atlantic.....	1,655.0 (863.8)	125.0 (13.5)	390.2 (191.6)	220.0 (54.1)	25.4 (D)	27.0 (D)	9.6 (...)	137.0 (80.4)	10.5 (D)
2 Delaware.....	28.4 (14.4)	5.9 (D)	...	2.4 (...)	0.6 (...)	0.2 (...)	...	0.1 (D)	0.1 (...)
3 Maryland.....	216.9 (138.4)	20.0 (2.9)	1.2 (...)	1.5 (D)	6.6 (...)	1.1 (...)	0.9 (...)	1.1 (...)	1.0 (...)
4 District of Columbia.....	7.7 (D)	2.3 (...)	...	...	2 (...)	2 (...)	2 (...)	0.1 (...)	4.6 (D)
5 Virginia.....	358.3 (213.3)	19.0 (D)	171.3 (121.1)	22.0 (9.7)	3.5 (...)	4.8 (...)	1.9 (...)	20.2 (15.3)	0.9 (D)
6 West Virginia.....	156.1 (125.3)	2.6 (...)	0.5 (D)	0.5 (...)	0.4 (...)	1.5 (...)	0.1 (...)	0.2 (...)	0.5 (...)
7 North Carolina.....	321.2 (122.0)	17.9 (D)	199.4 (D)	22.1 (13.7)	4.1 (...)	6.9 (D)	4.2 (...)	14.4 (9.7)	0.2 (...)
8 South Carolina.....	121.2 (50.4)	5.2 (...)	4.1 (D)	72.1 (D)	2.5 (...)	3.6 (...)	0.3 (...)	2.4 (D)	0.2 (...)
9 Georgia.....	250.2 (107.0)	27.1 (3.2)	1.0 (...)	12.6 (5.9)	6.8 (D)	5.7 (...)	0.2 (...)	12.7 (35.2)	0.9 (D)
10 Florida.....	152.2 (25.1)	22.5 (2.9)	12.2 (D)	0.4 (...)	0.9 (...)	2.9 (...)	0.2 (...)	15.1 (22.7)	1.1 (...)
11 East South Central.....	227.5 (224.9)	74.5 (22.2)	17.9 (1.1)	34.2 (2.7)	13.4 (D)	15.5 (D)	2.9 (...)	19.1 (20.0)	2.5 (...)
12 Kentucky.....	172.4 (122.2)	12.3 (1.2)	35.1 (1.1)	0.9 (...)	4.4 (...)	1.9 (...)	0.5 (...)	0.2 (D)	0.7 (...)
13 Tennessee.....	220.1 (132.0)	35.2 (15.6)	4.2 (...)	13.4 (3.1)	5.2 (...)	3.2 (...)	1.4 (...)	15.0 (D)	1.1 (...)
14 Alabama.....	129.2 (52.4)	15.2 (0.2)	...	12.5 (3.5)	2.7 (...)	5.5 (D)	0.3 (...)	5.6 (D)	0.4 (...)
15 Mississippi.....	77.0 (24.1)	15.2 (4.4)	...	1.4 (...)	3.1 (D)	4.2 (...)	0.5 (...)	27.4 (D)	0.2 (...)
16 West South Central.....	1,243.5 (222.2)	212.6 (131.9)	...	4.4 (...)	7.5 (D)	12.5 (...)	2.5 (...)	21.1 (15.7)	3.7 (...)
17 Arkansas.....	20.7 (29.2)	35.9 (D)	...	0.9 (...)	0.6 (...)	4.6 (...)	0.2 (...)	2.5 (D)	0.2 (...)
18 Louisiana.....	252.1 (122.0)	24.5 (10.6)	...	0.5 (...)	1.5 (D)	3.7 (...)	0.1 (...)	10.5 (7.5)	0.4 (...)
19 Oklahoma.....	22.9 (25.5)	12.6 (D)	...	0.4 (...)	0.4 (...)	0.4 (...)	...	0.1 (...)	0.5 (...)
20 Texas.....	226.6 (221.3)	145.1 (91.2)	...	2.7 (...)	4.7 (...)	3.7 (...)	1.2 (...)	2.2 (D)	2.4 (...)
21 Mountain.....	177.3 (97.2)	31.7 (2.0)	...	0.1 (...)	0.9 (...)	3.7 (...)	0.5 (...)	5 (D)	1.2 (...)
22 Montana.....	3.9 (D)	1.2 (...)	...	2 (...)	...	1.4 (...)	2 (...)	2 (...)	0.1 (...)
23 Idaho.....	15.6 (2.4)	9.3 (D)	...	...	2 (...)	2.2 (...)	2 (...)	5 (D)	0.1 (...)

See footnotes at end of table.

BY DIVISION AND STATES, AND BY MAJOR PRODUCT GROUPS: 1960—Continued
 (Actually reported to the Census Bureau by exporting manufacturers)
 (Millions of dollars)

Chemicals and allied products	Petro-leum and coal products	Rubber and plastics products, nec	Leather and leather products	Stone, clay and glass products	Primary metal industries	Prefabricated metal products	Machinery, except electrical	Electrical machinery	Transportation equipment	Instruments and related products	Miscellaneous manufacturing	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39 & 40)																												
309.9 (893.2)	4.4 (8.6)	12.2 (7.2)	3.7 (1.2)	13.2 (10.6)	127.9 (113.0)	26.0 (17.9)	24.4 (34.9)	47.4 (31.1)	68.4 (35.1)	6.1 (2.3)	30.3 (2.3)	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
8.8 (D)	1.1 (D)	1.5 (D)	1.3 (D)	...	0.1 (D)	1.2 (D)	1.6 (D)	...	0.9 (D)	0.8 (D)	1.5 (D)	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40		
20.3 (20.3)	1.4 (D)	6.7 (D)	0.4 (...)	6.2 (3.5)	X (D)	6.2 (3.5)	19.9 (14.9)	12.8 (9.7)	11.0 (D)	2.6 (D)	7.8 (D)	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40		
8 (...)	...	8 (...)	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40						
66.6 (22.8)	0.1 (...)	1.9 (1.1)	0.8 (...)	0.6 (0.4)	1.3 (D)	1.7 (1.2)	6.9 (3.9)	6.3 (D)	7.4 (D)	0.6 (D)	1.2 (D)	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40								
70.2 (65.3)	0.8 (D)	8 (...)	8 (...)	3.4 (5.3)	W (D)	4.4 (3.3)	11.3 (D)	7.2 (D)	0.1 (...)	0.2 (D)	0.2 (...)	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40										
13.4 (8.9)	0.1 (...)	0.8 (...)	0.2 (...)	...	4.9 (D)	2.3 (D)	2.6 (3.3)	11.7 (8.3)	0.8 (D)	0.6 (D)	11.8 (D)	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40												
V (D)	0.1 (D)	0.9 (D)	8 (...)	1.3 (D)	V (D)	1.1 (D)	1.6 (D)	0.2 (...)	0.8 (...)	0.5 (D)	0.2 (D)	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40												
33.3 (D)	0.1 (...)	8 (D)	0.5 (D)	1.6 (D)	0.9 (...)	1.0 (0.8)	14.8 (10.3)	1.6 (1.3)	45.0 (D)	0.7 (D)	1.3 (D)	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40																
20.1 (65.4)	0.7 (D)	0.4 (...)	0.1 (...)	...	0.4 (...)	2.7 (1.2)	8 (D)	1.5 (D)	3.8 (D)	0.3 (D)	2.4 (...)	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40																		
145.6 (117.1)	0.4 (D)	17.1 (D)	2.8 (...)	10.1 (6.4)	24.4 (24.6)	22.3 (19.3)	20.0 (35.3)	27.7 (11.3)	23.1 (13.4)	2.0 (D)	2.6 (2.7)	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40																				
44.2 (39.6)	0.3 (D)	0.6 (...)	0.4 (...)	7.6 (D)	V (D)	7.0 (6.3)	22.0 (20.3)	V (D)	V (D)	8 (...)	0.3 (D)	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40																								
71.1 (57.3)	8 (...)	3.6 (D)	1.8 (...)	0.7 (0.4)	V (D)	12.3 (D)	2.6 (2.2)	6.3 (3.4)	3.4 (2.0)	V (D)	3.2 (D)	27	28	29	30	31	32	33	34	35	36	37	38	39	40																										
19.0 (13.7)	0.1 (...)	6.4 (D)	0.1 (...)	0.2 (D)	V (D)	3.7 (D)	7.0 (D)	V (D)	2.9 (1.1)	8 (...)	1.6 (...)	27	28	29	30	31	32	33	34	35	36	37	38	39	40																										
11.4 (6.3)	...	0.1 (...)	0.3 (D)	1.3 (D)	0.1 (...)	0.3 (D)	4.1 (D)	1.3 (0.3)	V (D)	...	V (D)	29	30	31	32	33	34	35	36	37	38	39	40																												
378.1 (280.7)	263.9 (217.9)	8.7 (7.7)	1.1 (...)	3.3 (2.1)	139.8 (117.7)	27.2 (13.4)	113.3 (26.3)	27.7 (5.4)	20.2 (9.0)	4.1 (2.7)	4.8 (D)	31	32	33	34	35	36	37	38	39	40																														
1.3 (D)	0.3 (D)	0.6 (D)	0.6 (...)	...	2.0 (D)	0.3 (D)	0.6 (D)	0.6 (D)	0.3 (D)	8 (D)	0.6 (D)	33	34	35	36	37	38	39	40																																
29.7 (71.3)	73.8 (D)	0.1 (...)	8 (...)	1.2 (D)	V (D)	2.2 (D)	0.4 (D)	...	3.7 (...)	8 (...)	0.7 (D)	33	34	35	36	37	38	39	40																																
2.4 (D)	12.1 (D)	3.2 (D)	8 (...)	1.2 (1.0)	24.8 (D)	2.5 (2.6)	19.1 (13.1)	0.9 (D)	3.2 (D)	0.3 (D)	0.2 (D)	35	36	37	38	39	40																																		
222.6 (227.3)	177.2 (148.1)	2.3 (D)	8 (...)	0.3 (D)	X (D)	13.6 (6.4)	22.1 (77.2)	7.0 (3.3)	10.8 (4.3)	7.7 (4.3)	3.2 (...)	35	36	37	38	39	40																																		
10.1 (6.1)	1.2 (D)	3.8 (D)	0.3 (...)	0.8 (D)	V (D)	2.3 (1.4)	37.3 (23.3)	2.7 (1.3)	2.3 (D)	1.1 (D)	23.2 (D)	41	42																																						
0.3 (...)	8 (...)	...	...	...	...	...	...	...	8 (...)	...	0.1 (...)	43	44																															
V (D)	...	8 (...)	8 (...)	...	...	8 (D)	...	...	0.1 (D)	...	0.2 (D)	45	46																																		

Table 1.—VALUE OF EXPORTS OF MANUFACTURED PRODUCTS,
(The estimated totals are accompanied by figures (in parentheses)
(figures in

Geographic division and State	Exports of man- ufactured products	Food and kindred products	Tobacco products	Textile mill products	Apparel and related products	Lumber and wood products	Furni- ture and fixtures	Paper and allied products	Printing and publish- ing
		(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)
Midwest—Continued									
1 Wyoming.....	3.7 (5)	0.4 (...)	(...)	(...)	(...)	0.1 (...)	(...)	(...)	0.1 (...)
3 Colorado.....	18.4 (28.2)	8.6 (5)	(...)	8 (...)	0.3 (...)	0.5 (...)	0.1 (...)	0.1 (...)	0.6 (...)
5 New Mexico.....	26.3 (11.3)	1.8 (...)	(...)	(...)	0.1 (...)	0.3 (...)	8 (...)	(...)	0.1 (...)
7 Arizona.....	29.3 (12.8)	3.6 (5)	(...)	(...)	0.2 (...)	0.6 (...)	0.1 (...)	8 (...)	0.2 (...)
9 Wash.....	15.8 (38.0)	3.3 (0.4)	(...)	8 (...)	0.3 (...)	0.1 (...)	0.1 (...)	8 (...)	0.1 (...)
11 Nevada.....	3.4 (4.6)	0.2 (...)	(...)	(...)	(...)	0.1 (...)	(...)	(...)	0.1 (...)
13 Pacific.....	1,994.2 (1,284.3)	222.3 (128.1)	8 (...)	3.7 (...)	10.4 (...)	27.7 (13.0)	3.9 (...)	89.4 (29.9)	7.4 (5)
14 Washington.....	22.8 (35.7)	30.2 (19.1)	(...)	8 (...)	0.8 (...)	14.6 (5.6)	0.3 (...)	67.5 (48.9)	0.7 (...)
17 Oregon.....	27.1 (20.8)	24.7 (5)	(...)	0.3 (...)	0.3 (...)	23.9 (8.7)	0.2 (...)	8.9 (7.3)	0.4 (...)
19 California.....	1,322.6 (809.7)	120.3 (26.8)	8 (...)	3.2 (...)	9.0 (...)	14.8 (5.6)	3.3 (...)	6.4 (5)	6.0 (5)
21 Alaska.....	4.0 (5)	1.6 (...)	(...)	(...)	8 (...)	0.1 (...)	(...)	2.3 (5)	8 (...)
23 Hawaii.....	13.3 (5)	14.9 (5)	(...)	8 (...)	0.2 (...)	0.1 (...)	0.1 (...)	0.1 (...)	0.1 (...)

Note: Figures may not add because of rounding.

Total exports included in this table exceed the 1960 Census Bureau's totals for manufactured foodstuffs, semi-manufactures and finished manufactures by some \$500 million. Figures given here include exports to Puerto Rico, bunker sales of fuel to foreign vessels, and certain other adjustments developed by the Bureau of Labor Statistics in their study of direct and indirect employment attributable to exports.

The National total figures and totals for the 20 industry groups in terms of value at port and value f.o.b. plant were prepared by the Bureau of Labor Statistics, based largely on Census export data and Census "bridge" tables on export and industry classification systems; total value, f.o.b. plant differs from value at port primarily by trade margins, transportation, and warehousing costs.

Regional and State distributions of exports, not reported directly by manufacturers, were estimated by the Office of Business Economics and the Bureau of International Programs, U. S. Department of Commerce, in order to account for local origin of all manufacturing exports. The figures reported by manufacturers are from a survey conducted by the Census Bureau of plants with more than 100 employees included in the Annual Survey of Manufactures and exporting \$25,000 or more in 1960. The 1970 survey on distribution of manufacturers sales showed that those plants accounted for practically all exports made directly by manufacturing companies. Establishments in some industries with a small amount of exports in relation to the total number of establishments involved, were asked to report in the survey only when the parent company was known to export at least \$1 million per year. Industries handled in this fashion included the textile, apparel, lumber, and furniture groups and some individual industries in other groups.

BY DIVISIONS AND STATES, AND BY MAJOR PRODUCT GROUPS: 1960--Continued
 (actually reported to the Census Bureau by exporting manufacturers)
 (millions of dollars)

Chemicals and allied products (28)	Petroleum and coal products (29)	Rubber and plastic products, nec (30)	Leather and leather products (31)	Stone, clay and glass products (32)	Primary metal industries (33)	Fabricated metal products (34)	Machinery, except electrical (35)	Electrical machinery (36)	Transportation equipment (37)	Instruments and related products (38)	Miscellaneous manufacturing (39 & 40)
(...)	0.2 (D)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	0.1 (...)	1 (...)
2.3 (D)	0.9 (D)	3.3 (D)	0.3 (...)	(...)	9.7 (D)	1.7 (D)	14.3 (D)	2.2 (D)	0.1 (...)	0.2 (D)	1.1 (D)
7 (D)	(...)	(...)	8 (...)	(...)	7 (D)	(...)	(...)	(...)	(...)	(...)	12.4 (D)
0.7 (D)	(...)	0.3 (...)	8 (...)	(...)	4.3 (D)	(...)	2.4 (D)	0.3 (D)	8.2 (D)	0.8 (D)	7.9 (D)
0.8 (D)	0.1 (...)	8 (...)	8 (...)	8 (D)	16.4 (D)	0.8 (D)	19.7 (D)	(...)	0.1 (...)	(...)	1.9 (D)
8 (D)	(...)	(...)	(...)	0.7 (D)	3.9 (D)	(...)	(...)	(...)	(...)	(...)	8 (D)
127.7 (24.3)	114.0 (26.3)	11.2 (0.3)	1.2 (D)	7.0 (3.7)	105.0 (26.7)	33.2 (22.9)	97.6 (71.4)	39.3 (40.9)	875.1 (611.0)	23.3 (14.3)	119.6 (10.2)
3.4 (D)	0.6 (D)	0.2 (D)	0.1 (...)	0.3 (D)	26.6 (51.2)	1.4 (1.1)	8.2 (3.7)	0.2 (D)	397.2 (D)	8 (...)	0.3 (D)
0.7 (D)	8 (...)	0.2 (D)	8 (...)	0.3 (D)	3.7 (D)	0.1 (D)	4.3 (3.7)	14.1 (D)	1.3 (D)	8 (D)	0.2 (D)
123.3 (22.3)	113.3 (D)	10.7 (0.1)	1.1 (D)	6.3 (3.2)	43.6 (21.6)	33.4 (21.6)	84.8 (61.9)	43.1 (D)	476.3 (D)	22.2 (D)	119.1 (10.2)
(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	(...)	8 (...)	(...)	(...)
0.1 (...)	(...)	(...)	8 (...)	(...)	(...)	0.2 (D)	(...)	(...)	8 (...)	(...)	(...)

D Withheld to avoid disclosing figures for individual companies.
 S Less than \$1.0 million.
 T \$1.0 to \$4.9 million.
 V \$5.0 to \$9.9 million.
 W \$10.0 to \$24.9 million.
 X \$25.0 to \$49.9 million.
 Y \$50.0 to \$99.9 million.
 Z \$100.0 million or more.

Table 2A.--VALUE OF EXPORTS OF MANUFACTURED PRODUCTS FOR THE UNITED STATES, BY INDUSTRY GROUPS: 1960

(The \$9.8 billion in exports reported in this survey were made by establishments with 100 employees or more and exporting \$25,000 or more in 1960. The \$5.6 billion in exports not reported in the survey would be accounted for chiefly by purchasers whose intention to export was not known to the manufacturer. The entire cost of the exported products is counted here in the exporting industry or area. Much of the export value consists of materials and components produced in other industries and areas. For further information about the data, see the text.)

Code	Industry group and industry for which export data were publishable	Value of exports (million dollars)	Code	Industry group and industry for which export data were publishable	Value of exports (million dollars)
	United States, total (manufacturing establishments reporting exports).....	9,798.4	27	Printing and publishing.....	37.9
20	Food and kindred products.....	659.5	2721	Periodicals.....	25.1
201	Meat products.....	61.7	273	Books.....	29.5
2011	Meat packing plants.....	51.4	2731	Books, publishing and printing.....	27.7
2013	Prepared meats.....	6.5	2732	Book printing.....	1.7
2015	Poultry dressing plants.....	3.9	2733	Commercial printing.....	4.3
202	Dairy products.....	29.0	2734	Printing: Letterpress.....	4.3
2023	Condensed and evaporated milk.....	27.6	28	Chemicals and allied products.....	1,567.3
203	Canned and frozen foods.....	71.3	281	Basic chemicals.....	481.8
2032	Canned specialties.....	7.1	2812	Alkalies and chlorides.....	21.1
2033	Canned fruits and vegetables.....	48.7	2814	Cyclic (coal tar) crudes.....	1.4
2034	Dehydrated fruits and vegetables.....	10.1	2815	Intermediate coal tar products.....	70.7
2035	Pickles and sauces.....	2.7	2816	Inorganic pigments.....	12.3
2037	Frozen fruits and vegetables.....	2.2	2818	Organic chemicals, nec.....	28.6
204	Cereal mill products.....	243.7	2819	Inorganic chemicals, nec.....	92.2
2041	Flour and meal.....	139.3	282	Fibers, plastics, rubbers.....	456.0
2042	Prepared animal feeds.....	11.7	2821	Plastics materials.....	129.0
2043	Cereal preparations.....	6.9	2822	Synthetic rubber.....	134.7
2044	Rice milling.....	71.5	2823	Cellulosic man-made fibers.....	32.4
2046	Wet corn milling.....	14.3	2824	Organic fibers, noncellulosic.....	65.2
207	Candy and related products.....	29.3	283	Drugs.....	205.5
2071	Confectionery products.....	3.8	2831	Biological products.....	3.7
2072	Chocolate and cocoa products.....	12.9	2832	Medicinals and botanicals.....	29.0
2073	Chewing gum.....	10.4	2834	Pharmaceutical preparations.....	172.6
208	Beverages.....	26.5	284	Cleaning and toilet goods.....	28.8
2081	Flavorings.....	19.8	2841	Soap and other detergents.....	24.1
209	Other food preparations.....	174.3	2842	Pollishes and sanitation goods.....	4.4
2092	Soybean oil mills.....	34.5	2843	Surface active agents.....	5.9
2094	Grease and tallow.....	39.6	2844	Toilet preparations.....	14.3
2099	Food preparations, nec.....	21.1	285	Paints and varnishes.....	16.6
21	Tobacco products.....	194.0	2851	Paints and varnishes.....	16.5
211	Cigarettes.....	123.9	2861	Gum and wood chemicals.....	35.3
212	Cigars.....	2.1	287	Agricultural chemicals.....	44.2
2131	Chewing and smoking tobacco.....	4.6	2871	Fertilizers.....	34.5
214	Tobacco stemming and redrying.....	63.2	2872	Fertilizers, mixing only.....	
22	Textile mill products.....	49.6	2873	Agricultural pesticides.....	9.9
2211	Weaving mills, cotton.....	19.4	2874	Agricultural chemicals, nec.....	
2212	Weaving mills, synthetics.....	5.1	289	Other chemical products.....	86.9
222	Yarn and thread mills.....	9.0	2891	Glue and gelatin.....	7.3
223	Throwing and winding mills.....	2.1	2892	Explosives.....	14.4
224	Miscellaneous textile goods.....	7.6	2893	Printing ink.....	3.1
225	Coated fabrics, not rubberized.....	2.3	2894	Fatty acids.....	3.2
226	Tire cord and fabric.....	2.1	2895	Carbon black.....	28.6
23	Lumber and wood products.....	20.4	2899	Chemical preparations, nec.....	32.0
231	Miscellaneous wood products.....	3.4	29	Petroleum and coal products.....	456.6
26	Paper and allied products.....	261.6	2911	Petroleum refining.....	405.5
261	Pulp mills.....	105.5	292	Paving and roofing materials.....	4.6
262	Paper mills, except building.....	82.7	2921	Paving mixtures and blocks.....	1.2
263	Paperboard mills.....	34.6	2922	Asphalt felts and coatings.....	3.3
264	Paper and paperboard products.....	13.0	293	Petroleum and coal products, nec.....	26.5
2641	Paper coating and glazing.....	2.7	2932	Lubricating oils and greases.....	16.9
2649	Paper and board products, nec.....	2.5	30	Rubber and plastic products, nec.....	160.0
			3011	Tires and inner tubes.....	75.1
			3021	Rubber footwear.....	2.0
			3031	Recycled rubber.....	1.9
			3039	Fabricated rubber products, nec.....	26.5
			3073	Plastics products, nec.....	24.5

Table 2A.—VALUE OF EXPORTS OF MANUFACTURED PRODUCTS FOR THE UNITED STATES, BY INDUSTRY GROUPS: 1960—Continued

Code	Industry group and industry for which export data were publishable	Value of exports (million dollars)	Code	Industry group and industry for which export data were publishable	Value of exports (million dollars)
51	Leather and leather products.....	52.5	3A	Fabricated metal products—Continued	
5111	Leather tanning and finishing.....	16.1	3A3	Screw machine products and bolts.....	11.0
52	Stone, clay and glass products.....	127.5	3A4	Screw machine products.....	1.2
5211	Flat glass.....	7.5	3A5	Bolts, nuts, washers, and rivets.....	9.8
522	Pressed and blown glassware.....	58.4	3A6	Metal stampings.....	34.9
5221	Glass containers.....	10.0	3A7	Fabricated wire products, nec.....	26.8
5229	Pressed and blown glass, nec.....	28.4	3A8	Fabricated metal products, nec.....	60.2
5231	Products of purchased glass.....	5.9	3A9	Valves and pipe fittings.....	8.5
523	Structural clay products.....	6.1	3A9B	Metal foil and leaf.....	5.1
5239	Clay refractories.....	6.1	3A99	Fabricated pipe and fittings.....	5.0
526	Pottery and related products.....	10.2	35	Machinery, except electrical.....	2,208.4
5261	Vitreous plumbing fixtures.....	3.5	351	Engines and turbines.....	210.5
5264	Porcelain electrical supplies.....	5.9	3511	Steam engines and turbines.....	181.7
5281	Cut stone and stone products.....	1.2	3519	Internal combustion engines.....	142.1
529	Nonmetallic minerals, nec.....	26.9	352	Pump machinery and equipment.....	766.3
5291	Abrasive products.....	23.4	3521	Construction and lime equipment.....	266.6
5292	Asbestos products.....	6.6	3522	Mining machinery and equipment.....	99.8
5293	Gaskets and insulations.....	4.3	3523	Oil field machines and equipment.....	3.5
5299	Minerals, ground or treated.....	6.5	3524	Elevators and moving stairways.....	11.1
5299	Mineral wool.....	4.1	3525	Conveyors.....	11.4
5299	Monoclay refractories.....	11.1	3526	Stirrer, strainer, and accessories.....	23.2
33	Primary metal industries.....	699.7	3527	Industrial trucks and tractors.....	269.4
331	Steel rolling and finishing.....	202.9	3528	Metalsworking machinery.....	122.8
3312	Blat furnaces and steel mills.....	146.4	3529	Metal-cutting machine tools.....	41.6
3313	Electrometallurgical products.....	16.6	353	Metal-forming machine tools.....	5.1
3319	Steel wire drawing.....	7.4	353A	Special dies and tools.....	19.8
3316	Cold finishing of steel shapes.....	15.7	353B	Machining tool accessories.....	21.9
3317	Steel pipe and tubes.....	19.5	353C	Special industry machinery.....	280.5
332	Iron and steel foundries.....	15.5	353D	Food products machinery.....	41.2
3323	Steel foundries.....	15.4	353E	Textile machinery.....	78.2
333	Primary nonferrous metal.....	276.2	353F	Woodworking machinery.....	15.8
3331	Primary copper.....	112.9	353G	Paper industries machinery.....	24.1
3333	Primary zinc.....	22.2	353H	Printing trades machinery.....	56.6
3334	Primary aluminum.....	124.5	3539	Special industry machinery, nec.....	78.8
334	Secondary nonferrous metals.....	9.5	354	General industrial machinery.....	120.0
3341	Nonferrous rolling and drawing.....	76.4	3541	Pumps and compressors.....	41.0
3342	Copper rolling and drawing.....	2.1	3542	Ball and roller bearings.....	8.9
3343	Aluminum rolling and drawing.....	26.7	3543	Power transmission equipment.....	9.6
3346	Rolling and drawing, nec.....	18.9	3544	Industrial furnaces and ovens.....	12.5
3347	Nonferrous wire drawing, etc.....	19.4	3545	General industry machinery, nec.....	126.4
336	Nonferrous foundries.....	6.9	357	Office machines, nec.....	142.1
3361	Aluminum castings.....	2.5	3571	Computing and related machines.....	86.1
3362	Brass, bronze, copper castings.....	3.4	3572	Typewriters.....	15.3
3369	Nonferrous castings, nec.....	1.1	3579	Office machines, nec.....	113.2
339	Primary metal industries, nec.....	2.2	358	Service industry machines.....	6.9
3391	Iron and steel forgings.....	6.9	3581	Automated vending machines.....	78.2
34	Fabricated metal products.....	321.5	3582	Commercial laundry equipment.....	10.5
3411	Metal cans.....	18.0	3583	Refrigeration machinery.....	8.5
342	Cutlery, hand tools, hardware.....	66.4	3589	Machining and dispensing pumps.....	18.6
3421	Cutlery.....	4.9	3599	Machine shops.....	572.8
3423	Edge tools.....	25.0	36	Electrical machinery.....	96.9
3425	Hand saws and saw blades.....	5.4	361	Electric distribution products.....	28.4
3429	Hardware, nec.....	31.0	3611	Electric measuring instruments.....	19.7
343	Plumbing and nonelectric heating.....	25.0	3612	Transformers.....	39.7
3432	Plumbing fittings, brass goods.....	3.7	3613	Relaygear and switchboards.....	22.2
3433	Nonelectric heating equipment.....	16.8	362	Electric industrial apparatus.....	25.9
344	Structural metal products.....	105.3	3621	Motors and generators.....	18.5
3441	Fabricated structural steel.....	61.5	3622	Industrial controls.....	22.8
3442	Metal doors, gates, and trim.....	2.1	3623	Welding apparatus.....	22.8
3443	Boiler shop products.....	77.2	3629		
3444	Sheet metal work.....	5.7	3629		
3449	Miscellaneous metal work, nec.....	10.9	3629		

Table B2.--VALUE OF EXPORTS OF MANUFACTURED PRODUCTS FOR THE UNITED STATES, BY INDUSTRY GROUPS: 1960--Continued.

Code	Industry group and industry for which export data were publishable	Value of exports (million dollars)	Code	Industry group and industry for which export data were publishable	Value of exports (million dollars)
36	Electrical machinery--Continued		37	Transportation equipment--Continued	
360	Household appliances.....	113.3	3731	Motorcycles, bicycles, and parts.....	1.7
3601	Household cooking equipment.....	9.7	379	Transportation equipment, nec.....	1.7
3602	Household refrigerators.....	64.4	3791	Trailer coaches.....	1.8
3603	Household laundry equipment.....	21.3			
3604	Electric housewares and fans.....	20.7	38	Instruments and related products.....	203.1
3605	Household vacuum cleaners.....	3.4	3811	Scientific instruments.....	23.8
3606	Sewing machines.....	19.0	382	Mechanical measuring devices.....	61.6
3609	Household appliances, nec.....	4.6	3821	Mechanical measuring devices.....	26.6
361	Lighting and wiring devices.....	46.3	3822	Automatic temperature controls.....	23.1
3611	Electric lamps.....	12.3	3823	Optical instruments and lenses.....	11.8
3612	Lighting fixtures.....	8.3	3824	Medical instruments and supplies.....	33.0
3613	Current carrying devices.....	16.3	3825	Surgical and medical instruments.....	7.9
3614	Emergency carrying devices.....	9.1	3826	Dental equipment and supplies.....	7.8
362	Radio, TV, receiving equipment.....	35.2	3827	Optikinds goods.....	6.1
3621	Radios.....	39.6	3828	Photographic equipment.....	118.2
3622	Phonograph records.....	3.8	3829	Watches and clocks.....	5.8
363	Communication equipment.....	99.3	3871	Watches and clocks.....	3.7
3631	Telephone; telegraph apparatus.....	5.8			
3632	Radio, TV communication equipment.....	25.4	39	Miscellaneous manufacturing and ordnance and accessories.....	118.2
364	Electronic components.....	78.4	391	Jewelry and silverware.....	18.6
3641	Electron tubes, receiving type.....	15.4	3911	Jewelry, precious metal.....	9.3
3642	Cathode ray picture tubes.....	15.6	3912	Silverware and plated ware.....	3.8
3643	Electron tubes, transmitting.....	15.4	3921	Medical instruments and parts.....	3.2
3649	Electronic components, nec.....	28.6	393	Toys and sporting goods.....	28.0
369	Electrical products, nec.....	48.1	3931	Games and toys, nec.....	4.1
3691	Storage batteries.....	3.7	3932	Sporting and athletic goods, nec.....	22.6
3692	Primary batteries, dry and wet.....	7.7			
3693	X-ray and therapeutic apparatus.....	7.3	3933	Office supplies.....	23.3
3694	Region electrical equipment.....	27.1	3934	Pens and mechanical pencils.....	20.3
3699	Electrical products, nec.....	2.1	3935	Lead pencils and art goods.....	2.6
37	Transportation equipment.....	1,257.2	3936	Carbon paper and inked ribbons.....	1.7
371	Motor vehicles and equipment.....	301.8	3937	Custom jewelry and notions.....	3.5
3711	Truck and bus bodies.....	9.7	3938	Custom jewelry.....	2.1
3712	Truck trailers.....	4.3	3939	Needles, pins, and fasteners.....	3.2
3713	Motor vehicles and parts.....	297.8	394	Miscellaneous manufactures and ordnance and accessories.....	60.5
372	Aircraft and parts.....	267.0	3941	Brooms and brushes.....	1.8
3721	Aircraft.....	624.0	3942	Hard surface floor coverings.....	3.7
3722	Aircraft engines and parts.....	137.0	3943	Miscellaneous products, nec.....	3.3
3723	Aircraft propellers and parts.....	11.9	3944	Ordnance and accessories.....	24.8
3729	Aircraft equipment, nec.....	63.9			
373	Ships and boats.....	8.4			
3731	Ship building and repairing.....	3.1			
3732	Boat building and repairing.....	3.3			
374	Railroad equipment.....	126.3			
3741	Locomotives and parts.....	139.9			
3742	Railroad and street cars.....	16.3			

Table 29.—VALUE OF EXPORTS OF MANUFACTURED PRODUCTS BY GEOGRAPHIC DIVISIONS AND STATES, AND BY INDUSTRY GROUPS: 1960

(The \$9.8 billion in exports reported in this survey were made by establishments with 100 employees or more and exporting \$25,000 or more in 1960. The \$5.6 billion in exports not reported in the survey would be accounted for chiefly by purchasers whose intention to export was not known to the manufacturer. The entire cost of the exported products is counted here in the exporting industry or area. Much of the export value consists of materials and components produced in other industries and areas. For further information about the data, see the text.)

Code	Area and industry group for which export data were publishable	Value of exports (million dollars)	Code	Area and industry group for which export data were publishable	Value of exports (million dollars)
	New England, total.....	551.6		Massachusetts--Continued	
20	Food and kindred products.....	1.7	28	Chemicals and allied products.....	18.7
26	Paper and allied products.....	18.9	30	Rubber and plastics products, nec.....	14.4
262	Paper mills, except building.....	16.2	306	Fabricated rubber products, nec.....	11.4
28	Chemicals and allied products.....	36.7	33	Primary metal industries.....	3.5
284	Cleaning and toilet goods.....	3.3	331	Steel rolling and finishing.....	1.7
289	Other chemical products.....	2.1	34	Fabricated metal products.....	12.5
30	Rubber and plastics products, nec.....	20.8	342	Cutlery, hand tools, hardware.....	6.8
306	Fabricated rubber products, nec.....	15.9	349	Fabricated metal products, nec.....	5.0
307	Plastics products, nec.....	3.2	35	Machinery, except electrical.....	85.1
32	Stone, clay and glass products.....	11.4	354	Metalsworking machinery.....	20.9
329	Nonmetallic minerals, nec.....	9.6	359	Special industry machinery.....	36.3
33	Primary metal industries.....	16.3	356	General industrial machinery.....	5.1
331	Steel rolling and finishing.....	4.0	36	Electrical machinery.....	50.3
335	Nonferrous rolling and drawing.....	11.1	361	Electric distribution products.....	13.3
34	Fabricated metal products.....	26.8	364	Lighting and wiring devices.....	2.3
342	Cutlery, hand tools, hardware.....	15.6	366	Communication equipment.....	1.1
345	Screw machine products and bolts.....	1.3	367	Electronic components.....	8.3
349	Fabricated metal products, nec.....	7.8	38	Instruments and related products.....	25.9
35	Machinery, except electrical.....	180.7	382	Mechanical measuring devices.....	16.0
354	Metalsworking machinery.....	47.1	19	Miscellaneous manufacturing and	
355	Special industry machinery.....	71.4	39	ordnance and accessories.....	8.2
356	General industrial machinery.....	20.7	396	Costume jewelry and notions.....	1.3
357	Office machines, nec.....	12.7		Rhode Island, total.....	22.2
358	Service industry machines.....	4.5		Chemicals and allied products.....	1.0
359	Machine shops.....	1.0	28	Rubber and plastics products, nec.....	1.8
36	Electrical machinery.....	54.8	30	Electrical machinery.....	1.7
361	Electric distribution products.....	16.6	36	Miscellaneous manufacturing.....	2.0
362	Electric industrial apparatus.....	1.3	391	Jewelry and silversware.....	1.0
363	Household appliances.....	12.8		Connecticut, total.....	244.7
364	Lighting and wiring devices.....	6.8	28	Chemicals and allied products.....	15.0
365	Radio, TV, receiving equipment.....	2.1	30	Rubber and plastics products, nec.....	4.2
366	Communication equipment.....	2.8	32	Stone, clay and glass products.....	2.4
367	Electronic components.....	10.7	33	Primary metal industries.....	3.2
369	Electrical products, nec.....	1.3	34	Fabricated metal products.....	12.9
38	Instruments and related products.....	41.7	342	Cutlery, hand tools, hardware.....	8.3
382	Mechanical measuring devices.....	25.1	349	Fabricated metal products, nec.....	2.3
384	Optical instruments and lenses.....	3.5	35	Machinery, except electrical.....	54.2
384	Medical instruments and supplies.....	3.0	354	Metalsworking machinery.....	15.2
387	Watches and clocks.....	1.5	359	Special industry machinery.....	13.6
39	Miscellaneous manufacturing.....	21.1	356	General industrial machinery.....	13.5
391	Jewelry and silversware.....	2.1	357	Office machines, nec.....	10.3
396	Costume jewelry and notions.....	3.4	36	Electrical machinery.....	19.0
399	Miscellaneous manufactures and		36	Lighting and wiring devices.....	3.0
19-	ordnance and accessories.....	10.1	366	Communication equipment.....	1.2
	Maine, total.....	14.5	367	Electronic components.....	1.6
26	Paper and allied products.....	8.1	38	Instruments and related products.....	13.5
	New Hampshire, total.....	30.3	382	Mechanical measuring devices.....	7.5
35	Machinery, except electrical.....	17.1	384	Medical instruments and supplies.....	2.3
355	Special industry machinery.....	11.3	39	Miscellaneous manufacturing and	
36	Electrical machinery.....	1.5	19	ordnance and accessories.....	10.5
	Vermont, total.....	15.3	396	Costume jewelry and notions.....	1.2
35	Machinery, except electrical.....	11.7	399	Miscellaneous manufactures.....	6.9
36	Electrical machinery.....	1.5	19-		
	Massachusetts, total.....	224.4			
20	Food and kindred products.....	1.5			
26	Paper and allied products.....	5.7			
262	Paper mills, except building.....	5.1			

TABLE 25.--VALUE OF EXPORTS OF MANUFACTURED PRODUCTS BY GEOGRAPHIC DIVISIONS AND STATES, AND BY DEPARTMENT GROUPS: 1960--Continued

Code	Area and industry group for which export data were publishable	Value of exports (million dollars)	Code	Area and industry group for which export data were publishable	Value of exports (million dollars)
Middle Atlantic, total.....			2,271.2		
20	Food and kindred products.....	134.4	39	Miscellaneous manufacturing.....	34.6
204	Grain mill products.....	26.6	391	Jewelry and silversware.....	10.4
207	Meat and related products.....	20.0	398	Taps and sporting goods.....	3.2
209	Other food preparations.....	27.4	395	Custom jewelry and notions.....	1.7
21	Tobacco products.....	1.1	399	Miscellaneous manufactures and ordnance and accessories.....	10.4
22	Paper and allied products.....	21.0	New York, total.....		
222	Paper mills, except building.....	12.2	888.1		
223	Paperboard mills.....	1.8	Food and kindred products.....		
23	Chemicals and allied products.....	341.2	40	Food and kindred products.....	80.4
231	Basic chemicals.....	108.0	404	Grain mill products.....	23.2
232	Fibers, plastics.....	65.4	407	Candy and related products.....	14.9
233	Drugs.....	119.9	41	Paper and allied products.....	6.8
234	Cleaning and toilet goods.....	27.5	412	Paper mills, except building.....	3.9
235	Paints and varnishes.....	9.1	42	Chemicals and allied products.....	108.9
236	Agricultural chemicals.....	1.6	421	Basic chemicals.....	15.0
237	Other chemical products.....	10.3	422	Fibers, plastics, rubbers.....	8.9
24	Petroleum and coal products.....	99.2	423	Drugs.....	71.5
241	Petroleum refining.....	66.6	424	Cleaning and toilet goods.....	10.1
242	Purifying and treating materials.....	1.0	425	Other chemical products.....	2.7
243	Petroleum and coal products, nec.....	14.0	43	Rubber and plastics products, nec.....	3.7
25	Rubber and plastics products, nec.....	29.9	431	Stones, clay and glass products.....	16.9
251	Tires and inner tubes.....	6.3	432	Nonmetallic minerals, nec.....	11.1
252	Fabricated rubber products, nec.....	13.2	433	Primary metal industries.....	26.7
26	Stones, clay and glass products.....	43.0	434	Steel rolling and finishing.....	61.9
261	Products of purchased glass.....	1.3	435	Nonferrous rolling and drawing.....	4.8
262	Pottery and related products.....	2.9	44	Fabricated metal products.....	21.0
263	Nonmetallic minerals, nec.....	19.4	441	Outlays, hand tools, hardware.....	6.2
27	Primary metal industries.....	290.4	442	Structural metal products.....	6.3
271	Steel rolling and finishing.....	209.7	443	Metal stampings.....	2.5
272	Nonferrous rolling and drawing.....	21.4	45	Machinery, except electrical.....	212.1
273	Primary metal industries, nec.....	2.1	451	Construction and iron equipment.....	3.4
28	Fabricated metal products.....	28.8	452	Special industry machinery.....	34.8
281	Metal cans.....	3.5	453	General industrial machinery.....	46.9
282	Outlays, hand tools, hardware.....	16.5	454	Office machines, nec.....	6.4
283	Plumbing and nonelectric heating.....	7.9	455	Service industry machines.....	16.6
284	Structural metal products.....	26.1	46	Electrical machinery.....	91.8
285	Metal stampings.....	10.0	461	Electric distribution products.....	2.7
286	Fabricated wire products, nec.....	3.0	462	Electric industrial apparatus.....	26.8
287	Fabricated metal products, nec.....	13.1	463	Household appliances.....	6.0
29	Machinery, except electrical.....	460.5	464	Lighting and wiring devices.....	4.8
291	Engines and turbines.....	67.5	465	Radio, TV, receiving equipment.....	6.6
292	Pump machinery and equipment.....	5.5	466	Communication equipment.....	24.3
293	Construction and iron equipment.....	50.7	467	Electronic components.....	14.2
294	Metalworking machinery.....	66.4	468	Electrical products, nec.....	6.1
295	Special industry machinery.....	73.5	47	Transportation equipment.....	116.5
296	General industrial machinery.....	94.3	471	Aircraft and parts.....	25.3
297	Office machines, nec.....	22.2	48	Instruments and related products.....	109.5
298	Service industry machines.....	51.8	481	Mechanical measuring devices.....	5.3
299	Machine shops.....	1.3	49	Miscellaneous manufacturing and ordnance and accessories.....	20.2
30	Electrical machinery.....	202.3	491	Taps and sporting goods.....	4.2
301	Electric distribution products.....	36.1	492	Custom jewelry and notions.....	1.1
302	Electric industrial apparatus.....	39.2	493	Miscellaneous manufactures and ordnance and accessories.....	4.6
303	Household appliances.....	9.3	494		
304	Lighting and wiring devices.....	12.2	495		
305	Radio, TV, receiving equipment.....	11.9	496		
306	Communication equipment.....	42.6	497		
307	Electronic components.....	33.3	New Jersey, total.....		
308	Electrical products, nec.....	12.3	267.2		
37	Transportation equipment.....	343.7	50	Food and kindred products.....	26.9
371	Motor vehicles and equipment.....	197.7	51	Paper and allied products.....	3.6
372	Aircraft and parts.....	77.7	52	Chemicals and allied products.....	120.6
38	Instruments and related products.....	157.8	521	Basic chemicals.....	74.5
381	Scientific instruments.....	14.4	522	Fibers, plastics, rubbers.....	24.3
382	Mechanical measuring devices.....	24.5	523	Drugs.....	24.6
383	Medical instruments and supplies.....	18.2	524	Cleaning and toilet goods.....	14.9
384	Photographic equipment.....	91.7	525	Paints and varnishes.....	3.1
385	Watches and clocks.....	2.4			

Table 23.—VALUE OF EXPORTS OF MANUFACTURED PRODUCTS BY GEOGRAPHIC DIVISIONS AND STATES, AND BY INDUSTRY GROUPS: 1960—Continued

Code	Area and industry group for which export data were publishable	Value of exports (million dollars)	Code	Area and industry group for which export data were publishable	Value of exports (million dollars)
New Jersey—Continued					
30	Rubber and plastics products, nec.....	13.8	37	Transportation equipment.....	22.3
306	Fabricated rubber products, nec.....	9.0	371	Motor vehicles and equipment.....	26.4
31	Stones, clay and glass products.....	7.5	372	Instruments and related products.....	27.5
316	Pottery and related products.....	1.0	373	Mechanical measuring devices.....	18.5
319	Nonmetallic minerals, nec.....	2.9	374	Medical instruments and supplies.....	7.4
33	Primary metal industries.....	64.7	39	Miscellaneous manufacturing and accessories.....	7.1
331	Steel rolling and finishing.....	3.4	19	Miscellaneous manufactures and accessories.....	5.2
333	Nonferrous rolling and drawing.....	10.8	378		
34	Fabricated metal products.....	14.1	379		
342	Cutlery, hand tools, hardware.....	2.7	19		
346	Metal stampings.....	2.0			
349	Fabricated metal products, nec.....	2.9			
35	Machinery, except electrical.....	50.9			
350	Construction and like equipment.....	5.4	80	West North Central, total.....	3,119.5
352	Special industry machinery.....	10.7	80E	Food and kindred products.....	136.1
353	General industrial machinery.....	25.0	80A	Condensed and evaporated milk.....	6.3
357	Office machines, nec.....	3.9	807	Cereal mill products.....	28.4
358	Service industry machines.....	3.3	809	Candy and related products.....	2.4
36	Electrical machinery.....	49.3	86	Other food preparations.....	80.7
361	Electric distribution products.....	2.7	86E	Paper and allied products.....	9.4
362	Lighting and wiring devices.....	9.0	86S	Paper mills, except building.....	3.0
366	Communication equipment.....	2.3	86S	Paperboard mills.....	1.8
367	Electronic components.....	9.0	86	Chemicals and allied products.....	187.4
369	Electrical products, nec.....	2.7	86E	Soda chemicals.....	47.2
37	Transportation equipment.....	131.6	86S	Fibers, plastics, rubbers.....	47.5
371	Instruments and related products.....	21.2	86S	Drugs.....	64.5
372	Miscellaneous manufacturing.....	4.2	86S	Paints and varnishes.....	3.1
			86S	Other chemical products.....	14.2
Pennsylvania, total.....					
		795.7	89	Petroleum and coal products.....	26.7
80	Food and kindred products.....	7.0	89A	Petroleum refining.....	15.4
807	Candy and related products.....	2.6	30	Rubber and plastics products, nec.....	19.0
81	Tobacco products.....	8.4	30E	Tires and inner tubes.....	28.3
86	Paper and allied products.....	1.1	30S	Fabricated rubber products, nec.....	22.8
86	Chemicals and allied products.....	8.5	32	Stones, clay and glass products.....	3.7
86E	Soda chemicals.....	61.7	32E	Pressed and blown glassware.....	36.5
86S	Fibers, plastics, rubbers.....	18.4	32S	Products of purchased glass.....	9.2
86S	Drugs.....	31.6	32S	Pottery and related products.....	3.8
86S	Cleaning and toilet goods.....	29.0	32S	Nonmetallic minerals, nec.....	5.5
89	Petroleum and coal products.....	47.0	83	Primary metal industries.....	121.5
89	Rubber and plastics products, nec.....	8.8	351	Steel rolling and finishing.....	125.1
301	Tires and inner tubes.....	3.8	352	Nonferrous rolling and drawing.....	4.0
32	Stones, clay and glass products.....	18.3	353	Fabricated metal products.....	20.7
323	Products of purchased glass.....	1.0	34	Metal cans.....	1.8
329	Nonmetallic minerals, nec.....	5.3	34E	Cutlery, hand tools, hardware.....	7.5
33	Primary metal industries.....	166.9	34S	Flaming and semiconductor heating.....	4.6
331	Steel rolling and finishing.....	128.3	34A	Structural metal products.....	19.1
333	Nonferrous rolling and drawing.....	6.0	34S	Screw machine products and bolts.....	3.4
34	Fabricated metal products.....	20.7	34E	Metal stampings.....	1.4
341	Metal cans.....	1.8	349	Fabricated metal products, nec.....	9.8
342	Cutlery, hand tools, hardware.....	7.5	35	Machinery, except electrical.....	1,165.4
343	Flaming and semiconductor heating.....	4.6	35E	Engines and turbines.....	115.9
344	Structural metal products.....	19.1	35S	Farm machinery and equipment.....	71.4
346	Metal stampings.....	3.4	35S	Construction and like equipment.....	226.1
348	Fabricated wire products, nec.....	1.4	35S	Metallurgical machinery.....	159.2
349	Fabricated metal products, nec.....	9.8	35S	Special industry machinery.....	75.2
35	Machinery, except electrical.....	101.5	35E	General industrial machinery.....	75.2
350	Construction and like equipment.....	42.7	35E	Office machines, nec.....	71.6
352	Metallurgical machinery.....	38.4	35S	Service industry machines.....	42.1
356	Special industry machinery.....	27.9	36	Machine shops.....	9.9
357	Office machines, nec.....	22.3	36E	Electrical machinery.....	275.1
358	Service industry machines.....	1.0	36E	Electric distribution products.....	13.6
36	Electrical machinery.....	9.6	36S	Electric industrial apparatus.....	22.3
361	Electric distribution products.....	65.0	36S	Electric industrial apparatus.....	20.4
362	Lighting and wiring devices.....	22.7	36S	Household appliances.....	10.5
367	Lighting and wiring devices.....	3.8	36S	Lighting and wiring devices.....	28.1
369	Electronic components.....	10.2	367	Radio, TV, receiving equipment.....	24.2
	Electrical products, nec.....	3.4	369	Communication equipment.....	20.8
				Electronic components.....	26.4
				Electrical products, nec.....	

Table 25.—VALUE OF EXPORTS OF MANUFACTURED PRODUCTS BY GEOGRAPHIC DIVISIONS AND STATES, AND BY INDUSTRY GROUPS: 1960—Continued

Code	Area and industry group for which export data were publishable	Value of exports (million dollars)	Code	Area and industry group for which export data were publishable	Value of exports (million dollars)
West North Central—Continued					
37	Transportation equipment.....	721.6	28	Chemicals and allied products.....	53.6
371	Motor vehicles and equipment.....	624.4	281	Basic chemicals.....	1.6
373	Ships and boats.....	2.1	30	Rubber and plastic products, nec.....	1.2
38	Instruments and related products.....	49.2	32	Stone, clay and glass products.....	5.7
381	Scientific instruments.....	4.0	349	Nonmetallic minerals, nec.....	1.7
382	Mechanical measuring devices.....	19.6	35	Primary metal industries.....	28.5
383	Medical instruments and supplies.....	3.9	351	Steel rolling and finishing.....	15.4
384	Photographic equipment.....	20.0	34	Fabricated metal products.....	22.1
387	Watches and clocks.....	1.3	342	Cutlery, hand tools, hardware.....	2.5
39	Miscellaneous manufacturing.....	22.8	343	Plumbing and nonelectric heating.....	1.0
394	Tugs and sporting goods.....	13.4	344	Structural metal products.....	12.6
399	Miscellaneous manufactures and ordnance and accessories.....	10.7	346	Metal stampings.....	2.5
19-			349	Fabricated metal products, nec.....	2.2
	Ohio, total.....	221.5	35	Machinery, except electrical.....	69.8
20	Food and kindred products.....	5.1	322	Construction and like equipment.....	15.7
209	Other food preparations.....	3.6	324	Metallurgical machinery.....	5.7
26	Paper and allied products.....	3.7	322	Special industry machinery.....	2.1
28	Chemicals and allied products.....	46.8	324	General industrial machinery.....	10.5
281	Basic chemicals.....	9.7	36	Electrical machinery.....	45.2
282	Fibers, plastic, rubber.....	25.4	36	Electric industrial apparatus.....	2.1
283	Paints and varnishes.....	1.9	36	Lighting and wiring devices.....	1.9
289	Other chemical products.....	7.9	367	Electronic components.....	7.4
29	Petroleum and coal products.....	2.8	37	Transportation equipment.....	26.4
30	Rubber and plastic products, nec.....	29.5	371	Motor vehicles and equipment.....	70.7
302	Fabricated rubber products, nec.....	20.7	39	Instruments and related products.....	2.9
32	Stone, clay and glass products.....	17.8		Miscellaneous manufacturing.....	1.2
322	Processed and blown glassware.....	11.0			
329	Nonmetallic minerals, nec.....	3.2	20	Illinois, total.....	971.1
35	Primary metal industries.....	122.2	204	Food and kindred products.....	26.3
351	Steel rolling and finishing.....	86.4	207	Grain mill products.....	21.0
353	Nonferrous rolling and drawing.....	9.6	209	Other food preparations.....	2.4
354	Nonferrous products.....	2.5	28	Chemicals and allied products.....	55.7
359	Primary metal industries, nec.....	2.8	281	Basic chemicals.....	31.4
34	Fabricated metal products.....	40.2	282	Paints and varnishes.....	12.1
342	Cutlery, hand tools, hardware.....	6.9	289	Other chemical products.....	2.5
343	Plumbing and nonelectric heating.....	4.1	29	Petroleum and coal products.....	7.4
344	Structural metal products.....	17.1	30	Rubber and plastic products, nec.....	7.4
345	Survey machine products and bolts.....	1.2	32	Stone, clay and glass products.....	4.8
347	Metal stampings.....	3.5	34	Nonmetallic minerals, nec.....	2.5
349	Fabricated metal products, nec.....	5.4	349	Primary metal industries.....	15.4
35	Machinery, except electrical.....	228.6	351	Steel rolling and finishing.....	15.1
351	Engines and turbines.....	10.2	353	Nonferrous rolling and drawing.....	1.0
352	Construction and like equipment.....	66.4	34	Fabricated metal products.....	29.7
354	Metallurgical machinery.....	79.3	342	Metal cans.....	3.4
355	Special industry machinery.....	28.6	343	Cutlery, hand tools, hardware.....	2.2
358	General industrial machinery.....	39.2	344	Structural metal products.....	5.1
359	Machine shops.....	9.2	346	Survey machine products and bolts.....	1.6
36	Electrical machinery.....	94.9	346	Metal stampings.....	4.4
361	Electric distribution products.....	2.2	349	Fabricated metal products, nec.....	7.9
362	Electric industrial apparatus.....	29.1	35	Machinery, except electrical.....	512.8
363	Household appliances.....	57.4	352	Pump machinery and equipment.....	40.5
364	Lighting and wiring devices.....	6.5	353	Construction and like equipment.....	379.1
369	Electrical products, nec.....	15.9	34	Metallurgical machinery.....	29.2
37	Transportation equipment.....	224.1	342	Special industry machinery.....	20.8
371	Motor vehicles and equipment.....	209.8	343	General industrial machinery.....	24.0
38	Instruments and related products.....	9.0	346	Office machines, nec.....	7.2
382	Mechanical measuring devices.....	2.0	349	Service industry machines.....	4.8
39	Miscellaneous manufacturing and ordnance and accessories.....	7.1	359	Machine shops.....	1.1
394	Tugs and sporting goods.....	5.5	36	Electrical machinery.....	20.5
			361	Electric distribution products.....	7.1
			362	Electric industrial apparatus.....	5.4
			363	Household appliances.....	25.4
			364	Lighting and wiring devices.....	2.7
			365	Radio, tv, receiving equipment.....	12.3
			367	Electronic components.....	7.2
20	Food and kindred products.....	15.5			
204	Grain mill products.....	3.1			

Table 23.—VALUE OF EXPORTS OF MANUFACTURED PRODUCTS BY GEOGRAPHIC DIVISIONS AND STATES, AND BY INDUSTRY GROUPS: 1959—Continued

Code	Area and industry group for which export data were publishable	Value of exports (million dollars)	Code	Area and industry group for which export data were publishable	Value of exports (million dollars)			
Illinois—Continued								
37	Transportation equipment.....	113.8	80	Food and kindred products, total.....	378.6			
38	Instruments and related products.....	31.2	80A	Food and kindred products.....	28.9			
38A	Mechanical measuring devices.....	1.8	80B	Grain mill products.....	36.2			
38B	Medical instruments and supplies.....	1.2	80C	Other food preparations.....	10.8			
38C	Photographic equipment.....	19.3	81	Chemicals and allied products.....	27.9			
39	Miscellaneous manufacturing and ordnance and accessories.....	10.0	81A	Basic chemicals.....	11.3			
19			81B	Drugs.....	3.0			
			81C	Other chemical products.....	13.5			
Michigan, total.....								
		66.3	82	Petroleum and coal products.....	8.6			
80	Food and kindred products.....	7.8	82	Stone, clay and glass products.....	10.3			
80A	Condensed and evaporated milk.....	3.4	82B	Nonmetallic minerals, nec.....	3.3			
86	Paper and allied products.....	2.5	34	Fabricated metal products.....	12.4			
88	Chemicals and allied products.....	78.0	34A	Cutlery, hand tools, hardware.....	1.3			
88A	Basic chemicals.....	23.3	34B	Fumbing and nonelectric heating.....	2.8			
88B	Other chemical products.....	5.9	34C	Structural metal products.....	2.3			
30	Rubber and plastic products, nec.....	3.3	34D	Fabricated metal products, nec.....	4.3			
32	Stone, clay and glass products.....	9.2	35	Machinery, except electrical.....	179.0			
32A	Nonmetallic minerals, nec.....	1.4	35A	Engines and turbines.....	6.2			
33	Primary metal industries.....	41.3	35B	Farm machinery and equipment.....	50.3			
33A	Steel rolling and finishing.....	38.4	35C	Construction and like equipment.....	51.4			
34	Fabricated metal products.....	16.4	35D	Metallurgical machinery.....	5.8			
34A	Cutlery, hand tools, hardware.....	6.4	35E	Special industry machinery.....	3.2			
34B	Structural metal products.....	1.8	35F	General industrial machinery.....	9.7			
34C	Metal stampings.....	4.4	35G	Service industry machines.....	14.6			
34D	Fabricated metal products, nec.....	1.7	36	Electrical machinery.....	21.9			
35	Machinery, except electrical.....	144.0	36A	Electric distribution products.....	2.0			
35A	Farm machinery and equipment.....	14.0	36B	Electric industrial apparatus.....	8.1			
35B	Construction and like equipment.....	23.4	36C	Household appliances.....	11.2			
35C	Metallurgical machinery.....	80.4	36D	Lighting and wiring devices.....	1.7			
35D	Special industry machinery.....	4.9	37	Transportation equipment.....	31.0			
35E	General industrial machinery.....	4.9	37A	Trucks and related products.....	13.7			
35F	Service industry machines.....	14.1	39	Miscellaneous manufacturing.....	3.4			
35G	Machine shops.....	4.3	Minnesota, total.....					
36	Electrical machinery.....	24.7	80	Food and kindred products.....	16.7			
36A	Electric industrial apparatus.....	1.8	80A	Train mill products.....	1.9			
36B	Household appliances.....	14.3	35	Machinery, except electrical.....	38.2			
37	Transportation equipment.....	308.6	35A	Farm machinery and equipment.....	10.3			
37A	Motor vehicles and equipment.....	305.7	35B	Construction and like equipment.....	6.2			
38	Instruments and related products.....	2.9	35C	Metallurgical machinery.....	1.2			
			35D	Service industry machines.....	6.3			
Wisconsin, total.....								
		270.0	36	Electrical machinery.....	8.7			
80	Food and kindred products.....	11.2	36A	Electric industrial apparatus.....	3.7			
86	Paper and allied products.....	2.0	Iowa, total.....					
88	Chemicals and allied products.....	3.1	80	Food and kindred products.....	121.4			
33	Primary metal industries.....	5.9	80A	Grain mill products.....	28.3			
33A	Steel rolling and finishing.....	1.1	34	Fabricated metal products.....	6.7			
34	Fabricated metal products.....	11.8	34A	Machinery, except electrical.....	3.4			
34A	Cutlery, hand tools, hardware.....	3.4	34B	Farm machinery and equipment.....	24.0			
34B	Structural metal products.....	2.8	34C	Construction and like equipment.....	58.0			
34C	Metal stampings.....	5.4	36	Electrical machinery.....	13.5			
35	Machinery, except electrical.....	150.0	36A	Electric industrial apparatus.....	25.1			
35A	Engines and turbines.....	28.4	Missouri, total.....					
35B	Farm machinery and equipment.....	14.1	80	Food and kindred products.....	91.3			
35C	Construction and like equipment.....	23.4	80A	Grain mill products.....	17.3			
35D	Metallurgical machinery.....	6.0	80B	Other food preparations.....	12.7			
35E	Special industry machinery.....	38.3	88	Chemicals and allied products.....	17.8			
35F	General industrial machinery.....	6.3	34	Fabricated metal products.....	4.6			
35G	Service industry machines.....	6.3	34A	Structural metal products.....	1.3			
36	Electrical machinery.....	29.6	35	Machinery, except electrical.....	19.3			
36A	Electric industrial apparatus.....	13.7	35A	Engines and turbines.....	8.0			
37	Transportation equipment.....	33.4	35B	Farm machinery and equipment.....				
38	Instruments and related products.....	3.1	35C	Construction and like equipment.....				
38A	Mechanical measuring devices.....	2.3	35D	Metallurgical machinery.....				
			35E	Special industry machinery.....				
			35F	General industrial machinery.....				
			35G	Service industry machines.....				

Table 25.--VALUE OF EXPORTS OF MANUFACTURED PRODUCTS BY GEOGRAPHIC DIVISIONS AND STATES, AND BY INDUSTRY GROUPS: 1960--Continued

Code	Area and industry group for which export data were publishable	Value of exports (million dollars)	Code	Area and industry group for which export data were publishable	Value of exports (million dollars)
Missouri--Continued					
36	Electrical machinery.....	7.9	33	Machinery, except electrical.....	14.0
361	Electric distribution products.....	1.3	355	Special industry machinery.....	6.9
362	Electric industrial apparatus.....	4.0			
364	Lighting and wiring devices.....	1.7	36	Electrical machinery.....	9.7
39	Miscellaneous manufacturing.....	1.9			
Nebraska, total.....					
		14.5	21	Tobacco products.....	121.1
20	Food and kindred products.....	4.4	26	Paper and allied products.....	13.3
204	Grain mill products.....	1.5	28	Chemicals and allied products.....	28.8
			30	Rubber and plastics products, nec.....	1.1
			34	Fabricated metal products.....	1.2
			35	Machinery, except electrical.....	4.5
			36	Machinery, except electrical.....	125.5
			28	Chemicals and allied products.....	65.5
			281	Basic chemicals.....	44.2
			32	Stone, clay and glass products.....	3.5
			34	Fabricated metal products.....	8.5
			34	Stone, clay and glass products.....	126.0
			26	Paper and allied products.....	9.7
			28	Chemicals and allied products.....	8.9
			35	Machinery, except electrical.....	3.5
			36	Electrical machinery.....	8.9
			28	Chemicals and allied products.....	30.4
			28	Chemicals and allied products.....	107.0
			281	Basic chemicals.....	3.2
			28	Chemicals and allied products.....	35.8
			28	Chemicals and allied products.....	10.3
			355	Special industry machinery.....	2.4
			36	Electrical machinery.....	1.3
			361	Electric distribution products.....	1.3
			28	Food and kindred products.....	85.1
			28	Food and kindred products.....	2.9
			28	Paper and allied products.....	38.7
			28	Chemicals and allied products.....	45.4
			287	Agricultural chemicals.....	24.4
			34	Fabricated metal products.....	1.2
			28	Food and kindred products.....	34.9
			204	Grain mill products.....	22.8
			209	Other food preparations.....	10.0
			21	Tobacco products.....	11.4
			21	Tobacco products.....	1.1
			26	Paper and allied products.....	30.0
			26	Paper mills, except building.....	8.2
			28	Chemicals and allied products.....	117.1
			281	Basic chemicals.....	25.5
			281	Fibers, plastics, rubbers.....	78.8
			281	Drugs.....	1.8
			289	Other chemical products.....	3.9
			34	Stone, clay and glass products.....	6.4
			349	Nonmetallic minerals, nec.....	4.0
			33	Primary metal industries.....	34.6
			34	Fabricated metal products.....	19.9
			349	Cutlery, hand tools, hardware.....	1.2
			344	Structural metal products.....	15.4
			349	Fabricated metal products, nec.....	1.7
			28	Food and kindred products.....	2.9
			281	Basic chemicals.....	20.2
			281	Basic chemicals.....	4.8
			34	Stone, clay and glass products.....	4.5
			34	Fabricated metal products.....	4.5
			28	Food and kindred products.....	2.9
			281	Basic chemicals.....	20.2
			281	Basic chemicals.....	4.8
			34	Stone, clay and glass products.....	4.5
			34	Fabricated metal products.....	4.5

Table 23.--VALUE OF EXPORTS OF MANUFACTURED PRODUCTS BY GEOGRAPHIC DIVISIONS AND STATES, AND BY INDUSTRY GROUPS: 1960--Continued

Code	Area and industry group for which export data were publishable	Value of exports (million dollars)	Code	Area and industry group for which export data were publishable	Value of exports (million dollars)
East South Central--Continued			West South Central--Continued		
35	Machinery, except electrical.....	35.5	36	Electrical machinery.....	3.0
355	Construction and like equipment.....	4.4	38	Instruments and related products.....	4.7
355	Special industry machinery.....	4.2	381	Scientific instruments.....	3.5
356	General industrial machinery.....	2.2			
356	Service industry machines.....	6.2			
36	Electrical machinery.....	21.5			
363	Household appliances.....	15.0			
364	Lighting and wiring devices.....	2.5			
37	Transportation equipment.....	13.6			
371	Motor vehicles and equipment.....	12.5			
39	Miscellaneous manufacturing.....	2.1			
394	Toys and sporting goods.....	1.6			
	Kentucky, total.....	102.2			
20	Food and kindred products.....	1.8			
21	Tobacco products.....	1.1			
28	Chemicals and allied products.....	39.2			
34	Fabricated metal products.....	4.3			
349	Fabricated metal products, nec.....	1.5			
35	Machinery, except electrical.....	20.5			
	Tennessee, total.....	132.0			
20	Food and kindred products.....	15.6			
28	Chemicals and allied products.....	57.3			
281	Basic chemicals.....	16.2			
289	Drugs.....	1.5			
35	Machinery, except electrical.....	6.2			
36	Electrical machinery.....	2.3			
37	Transportation equipment.....	2.0			
	Alabama, total.....	54.4			
28	Chemicals and allied products.....	15.7			
37	Transportation equipment.....	1.1			
	Mississippi, total.....	36.1			
20	Food and kindred products.....	4.4			
28	Chemicals and allied products.....	6.5			
	West South Central, total.....	958.2			
20	Food and kindred products.....	151.9			
204	Grain mill products.....	107.4			
209	Other food preparations.....	21.9			
26	Paper and allied products.....	15.7			
28	Chemicals and allied products.....	320.7			
281	Basic chemicals.....	125.9			
282	Fibers, plastics, rubbers.....	119.5			
289	Other chemical products.....	35.2			
29	Petroleum and coal products.....	217.9			
30	Rubber and plastics products, nec.....	5.7			
32	Stone, clay and glass products.....	2.1			
322	Pressed and blown glassware.....	1.1			
35	Primary metal industries.....	117.7			
34	Fabricated metal products.....	13.4			
344	Structural metal products.....	6.6			
349	Fabricated metal products, nec.....	5.7			
35	Machinery, except electrical.....	75.3			
355	Construction and like equipment.....	29.0			
355	Special industry machinery.....	4.1			
356	General industrial machinery.....	2.7			
	Arkansas.....				29.2
	Louisiana, total.....				128.0
	Food and kindred products.....				10.6
	Paper and allied products.....				7.5
	Chemicals and allied products.....				71.5
	Fibers, plastics, rubbers.....				26.6
	Other chemical products.....				2.5
	Fabricated metal products.....				2.0
	Oklahoma, total.....				65.5
	Stone, clay and glass products.....				1.0
	Fabricated metal products.....				4.6
	Machinery, except electrical.....				15.1
	Construction and like equipment.....				13.4
	Texas, total.....				631.5
	Food and kindred products.....				91.2
	Chemicals and allied products.....				247.5
	Basic chemicals.....				124.0
	Fibers, plastics, rubbers.....				90.7
	Petroleum and coal products.....				148.1
	Fabricated metal products.....				6.4
	Fabricated metal products, nec.....				4.2
	Machinery, except electrical.....				77.2
	Construction and like equipment.....				70.7
	Special industry machinery.....				4.1
	Service industry machines.....				1.0
	Electrical machinery.....				3.9
	Instruments and related products.....				4.5
	Scientific instruments.....				3.5
	Montana, total.....				97.6
	Food and kindred products.....				6.0
	Chemicals and allied products.....				6.1
	Fabricated metal products.....				1.4
	Machinery, except electrical.....				29.3
	Construction and like equipment.....				25.8
	Electrical machinery.....				1.9
	Idaho.....				2.4
	Colorado.....				26.2
	New Mexico.....				11.3
	Arizona.....				12.6
	Utah.....				34.0
	Nevada.....				4.6
	Pacific, total.....				1,254.3
	Food and kindred products.....				119.6
	Grain mill products.....				35.0
	Other food preparations.....				19.7

Table 23.--VALUE OF EXPORTS OF MANUFACTURED PRODUCTS BY GEOGRAPHIC DIVISIONS AND STATES, AND BY DEPARTMENT GROUPS: 1960--Continued

Code	Area and industry group for which export data were publishable	Value of exports (million dollars)	Code	Area and industry group for which export data were publishable	Value of exports (million dollars)
Pacific--Continued			Washington--Continued		
26	Paper and allied products.....	26.5	26	Chemicals and allied products.....	2.0
261	Pulp mills.....	25.7	33	Primary metal industries.....	21.2
28	Chemicals and allied products.....	24.5	34	Fabricated metal products.....	1.1
281	Basic chemicals.....	24.6			
282	Drugs.....	2.3	35	Machinery, except electrical.....	5.7
283	Cleaning and toilet goods.....	10.8	355	Special industrial machinery.....	2.6
285	Paints and varnishes.....	1.3			
29	Petroleum and coal products.....	26.3			
291	Petroleum refining.....	25.9		Oregon, total.....	20.8
30	Rubber and plastics products, nec.....	3.3	20	Food and kindred products.....	13.5
32	Stone, clay and glass products.....	5.7	26	Paper and allied products.....	7.3
329	Nonmetallic minerals, nec.....	5.2	35	Machinery, except electrical.....	3.7
33	Primary metal industries.....	26.7			
34	Fabricated metal products.....	22.8		California, total.....	209.7
341	Metal cans.....	5.3	20	Food and kindred products.....	26.8
342	Cutlery, hand tools, hardware.....	4.3	209	Other food preparations.....	19.5
343	Flaming and nonferrous casting.....	2.7			
344	Structural metal products.....	6.9	26	Paper and allied products.....	2.2
345	Screw machine products and bolts.....	1.1	28	Chemicals and allied products.....	22.5
349	Fabricated metal products, nec.....	3.8	285	Drugs.....	2.5
35	Machinery, except electrical.....	71.4	286	Cleaning and toilet goods.....	10.7
351	Construction and lime equipment.....	22.5	287	Paints and varnishes.....	1.3
352	Special industry machinery.....	13.7			
353	General industrial machinery.....	13.8	29	Petroleum and coal products.....	25.8
357	Office machines, nec.....	2.7	291	Petroleum refining.....	25.4
358	Service industry machines.....	6.9			
36	Electrical machinery.....	10.9	30	Rubber and plastics products, nec.....	3.1
361	Electric distribution products.....	24.2	32	Stone, clay and glass products.....	5.2
362	Electric industrial apparatus.....	2.6			
363	Household appliances.....	2.0	34	Fabricated metal products.....	21.6
367	Electronic components.....	6.3	341	Metal cans.....	5.2
			342	Cutlery, hand tools, hardware.....	5.8
37	Transportation equipment.....	611.0	343	Flaming and nonferrous casting.....	2.7
38	Instruments and related products.....	14.5	344	Structural metal products.....	4.4
381	Scientific instruments.....	1.0	345	Screw machine products and bolts.....	1.1
382	Mechanical measuring devices.....	4.8	349	Fabricated metal products, nec.....	3.8
39	Miscellaneous manufacturing.....	10.2	35	Machinery, except electrical.....	61.9
391	Toys and sporting goods.....	1.5	353	Construction and lime equipment.....	16.4
392	Miscellaneous manufactures and ordnance and accessories.....	7.1	355	Special industry machinery.....	10.5
19-			356	General industrial machinery.....	13.7
			357	Office machines, nec.....	2.7
			358	Service industry machines.....	4.7
	Washington, total.....	397.7	39	Miscellaneous manufacturing and ordnance and accessories.....	10.2
20	Food and kindred products.....	19.1	39	Toys and sporting goods.....	1.5
26	Paper and allied products.....	48.9	354		
261	Pulp mills.....	37.3	358	Miscellaneous manufacturing and ordnance and accessories.....	7.1
			359		
			19-		

Table 2C.--VALUE OF EXPORTS OF MANUFACTURED PRODUCTS BY PRINCIPAL STANDARD METROPOLITAN STATISTICAL AREAS, BY MAJOR INDUSTRY GROUPS: 1950

(The \$9.8 billion in exports reported in this survey were made by establishments with 100 employees or more and exporting \$25,000 or more in 1950. The \$7.6 billion in exports not reported in the survey would be accounted for chiefly by producers whose intention to export was not known to the manufacturer. The entire sort of the exported products is counted here in the exporting industry or area. Much of the export value consists of materials and components produced in other industries and areas. For further information about the data, see the text.)

Code	Area and industry group for which export data were publishable	Value of exports (million dollars)	Code	Area and industry group for which export data were publishable	Value of exports (million dollars)
	Akron, total.....	78.6		Chicago--Continued	
28	Chemicals and allied products.....	3.4	34	Fabricated metal products.....	29.9
30	Rubber and plastics products, see.....	49.4	35	Machinery, except electrical.....	179.4
35	Machinery, except electrical.....	7.7	36	Electrical machinery.....	60.9
	Albany-Chenango-Troy, total.....	66.6	37	Transportation equipment.....	26.4
28	Chemicals and allied products.....	10.5	38	Instruments and related products.....	29.5
38	Stone, clay and glass products.....	3.3	39	Miscellaneous manufacturing (including ordnance).....	7.6
	Allentown-Bethlehem-Scranton, total.....	24.1		Cincinnati, total.....	80.2
34	Fabricated metal products.....	1.9	20	Food and kindred products.....	1.8
	Atlanta, total.....	29.9	21	Chemicals and allied products.....	3.7
35	Machinery, except electrical.....	1.1	22	Fabricated metal products.....	3.4
	Baltimore, total.....	121.8	23	Machinery, except electrical.....	25.2
20	Food and kindred products.....	1.1	24	Electrical machinery.....	6.7
28	Chemicals and allied products.....	16.4	25	Miscellaneous manufacturing (including ordnance).....	2.0
38	Stone, clay and glass products.....	6.2		Cleveland, total.....	124.5
34	Fabricated metal products.....	4.2	28	Chemicals and allied products.....	10.8
35	Machinery, except electrical.....	10.0	29	Stone, clay and glass products.....	1.0
	Birmingham.....	15.2	30	Primary metal industries.....	2.1
	Birmingham, total.....	21.1	31	Fabricated metal products.....	2.1
34	Fabricated metal products.....	1.5	32	Machinery, except electrical.....	61.4
	Boston, total.....	88.0	33	Electrical machinery.....	21.3
20	Food and kindred products.....	1.1	37	Transportation equipment.....	43.4
28	Chemicals and allied products.....	4.3		Columbus.....	2.2
30	Rubber and plastics products, see.....	7.4		Dallas, total.....	35.8
31	Leather and leather products.....	7.4	35	Machinery, except electrical.....	11.7
34	Fabricated metal products.....	3.9		Dayton, total.....	89.9
35	Machinery, except electrical.....	26.2	30	Rubber and plastics products, see.....	3.2
36	Electrical machinery.....	22.5	33	Machinery, except electrical.....	28.6
38	Instruments and related products.....	9.2	37	Transportation equipment.....	15.0
	Bridgeport, total.....	39.4		Denver.....	16.2
34	Fabricated metal products.....	1.8		Detroit, total.....	329.4
35	Machinery, except electrical.....	6.8		Food and kindred products.....	1.6
36	Electrical machinery.....	9.7	20	Chemicals and allied products.....	24.0
38	Instruments and related products.....	2.2	21	Stone, clay and glass products.....	5.3
	Buffalo, total.....	156.2	22	Primary metal industries.....	59.1
20	Food and kindred products.....	22.7	23	Fabricated metal products.....	8.9
28	Chemicals and allied products.....	13.9	24	Machinery, except electrical.....	61.5
30	Rubber and plastics products, see.....	3.0	25	Electrical machinery.....	1.5
38	Stone, clay and glass products.....	7.0	27	Transportation equipment.....	126.0
35	Primary metal industries.....	40.5		Butte.....	37.2
34	Fabricated metal products.....	1.1		Butte, total.....	17.9
35	Machinery, except electrical.....	12.1	35	Machinery, except electrical.....	9.2
36	Electrical machinery.....	11.6		Butte, total.....	17.9
37	Transportation equipment.....	16.0	20	Food and kindred products.....	13.4
	Butte, total.....	29.4	33	Machinery, except electrical.....	1.2
35	Primary metal industries.....	7.8		Cary-Hammond-Spartanburg, total.....	44.8
34	Fabricated metal products.....	3.0		Chemicals and allied products.....	2.8
35	Machinery, except electrical.....	16.9	28	Chemicals and allied products.....	2.8
	Chattanooga, total.....	42.8	33	Primary metal industries.....	26.1
35	Machinery, except electrical.....	2.4	34	Fabricated metal products.....	11.1
	Chicago, total.....	515.0		Grand Rapids, total.....	20.8
20	Food and kindred products.....	45.5	34	Fabricated metal products.....	1.2
28	Chemicals and allied products.....	22.1	35	Machinery, except electrical.....	1.4
29	Petroleum and coal products.....	4.1		Hartford, total.....	118.0
38	Stone, clay and glass products.....	2.4	34	Fabricated metal products.....	2.2
35	Primary metal industries.....	15.1	35	Machinery, except electrical.....	20.0
			36	Electrical machinery.....	2.5

Table 2C.--VALUE OF EXPORTS OF MANUFACTURED PRODUCTS BY PRINCIPAL STANDARD METROPOLITAN STATISTICAL AREAS, BY MAJOR INDUSTRY GROUPS: 1960--Continued

Code	Area and industry group for which export data were publishable	Value of exports (million dollars)	Code	Area and industry group for which export data were publishable	Value of exports (million dollars)
	Boston, total.....	229.5		Newark--Continued	
20	Food and kindred products.....	29.0	34	Fabricated metal products.....	3.8
28	Chemicals and allied products.....	75.1	35	Machinery, except electrical.....	15.0
29	Petroleum and coal products.....	61.2	36	Electrical machinery.....	11.9
34	Fabricated metal products.....	2.0	38	Instruments and related products.....	1.5
35	Machinery, except electrical.....	47.5		New Haven, total.....	7.8
38	Instruments and related products.....	3.4		Miscellaneous manufacturing (including ordnance).....	1.9
	Indianapolis, total.....	72.0	39	New Orleans.....	49.7
34	Fabricated metal products.....	4.1		New York, total.....	309.4
35	Machinery, except electrical.....	13.0		Food and kindred products.....	35.9
37	Transportation equipment.....	21.0		Printing and publishing.....	19.5
	Jersey City, total.....	56.9	40	Chemicals and allied products.....	67.1
20	Food and kindred products.....	12.7	47	Primary metal industries.....	7.2
28	Chemicals and allied products.....	14.5	28	Fabricated metal products.....	7.4
33	Primary metal industries.....	1.5	33	Machinery, except electrical.....	34.2
35	Machinery, except electrical.....	2.9	34	Electrical machinery.....	33.4
36	Electrical machinery.....	7.5	36	Instruments and related products.....	13.1
39	Miscellaneous manufacturing (including ordnance).....	1.2	39	Miscellaneous manufacturing (including ordnance).....	18.8
	Kansas City (Missouri)--Kansas City (Kansas), total.....	22.8		Peteron-Clifton-Pasie, total.....	134.1
20	Food and kindred products.....	4.5	26	Chemicals and allied products.....	10.9
34	Fabricated metal products.....	11.2	30	Rubber and plastics products, nec.....	2.9
35	Machinery, except electrical.....	11.0	33	Primary metal industries.....	2.4
	Lancaster, total.....	19.0	34	Fabricated metal products.....	2.4
34	Fabricated metal products.....	2.1	35	Machinery, except electrical.....	2.5
35	Machinery, except electrical.....	3.3	36	Electrical machinery.....	2.9
	Los Angeles-Long Beach, total.....	504.0		Philadelphia, total.....	339.1
20	Food and kindred products.....	17.1	20	Food and kindred products.....	12.2
28	Chemicals and allied products.....	64.0	26	Paper and allied products.....	5.7
29	Petroleum and coal products.....	46.5	28	Chemicals and allied products.....	77.8
30	Rubber and plastics products, nec.....	1.1	29	Petroleum and coal products.....	78.0
31	Stone, clay and glass products.....	1.2	30	Rubber and plastics products, nec.....	7.7
32	Primary metal industries.....	1.2	32	Stone, clay and glass products.....	2.7
34	Fabricated metal products.....	16.3	33	Primary metal industries.....	29.0
35	Machinery, except electrical.....	59.5	34	Fabricated metal products.....	19.9
36	Electrical machinery.....	12.2	35	Machinery, except electrical.....	22.8
38	Instruments and related products.....	10.2	36	Electrical machinery.....	24.7
39	Miscellaneous manufacturing (including ordnance).....	9.4	37	Transportation equipment.....	19.7
	Louisville, total.....	72.2	39	Instruments and related products.....	12.4
20	Food and kindred products.....	1.4		Miscellaneous manufacturing (including ordnance).....	2.4
34	Fabricated metal products.....	9.8		Pittsburgh, total.....	212.2
35	Machinery, except electrical.....	11.0	26	Chemicals and allied products.....	13.4
	Memphis, total.....	50.8	32	Stone, clay and glass products.....	5.1
20	Food and kindred products.....	2.7	33	Primary metal industries.....	59.7
28	Chemicals and allied products.....	10.9	34	Fabricated metal products.....	14.5
	Milwaukee, total.....	128.8	35	Machinery, except electrical.....	33.4
20	Food and kindred products.....	8.3	36	Electrical machinery.....	20.3
33	Primary metal industries.....	5.3		Portland, total.....	58.3
34	Fabricated metal products.....	4.2	20	Food and kindred products.....	5.3
35	Machinery, except electrical.....	22.9	26	Paper and allied products.....	7.7
36	Electrical machinery.....	19.2	35	Machinery, except electrical.....	4.4
37	Transportation equipment.....	5.4		Providence, total.....	26.5
38	Instruments and related products.....	2.4	30	Rubber and plastics products, nec.....	1.8
	Minneapolis-St. Paul, total.....	62.1	34	Primary metal industries.....	1.4
20	Food and kindred products.....	8.1	35	Machinery, except electrical.....	9.5
35	Machinery, except electrical.....	25.8	36	Electrical machinery.....	1.7
36	Electrical machinery.....	5.5	38	Instruments and related products.....	3.7
	Newark, total.....	151.4	39	Miscellaneous manufacturing (including ordnance).....	3.2
20	Food and kindred products.....	3.5		Reading, total.....	15.1
28	Chemicals and allied products.....	34.2	34	Fabricated metal products.....	1.9
30	Rubber and plastics products, nec.....	7.5	36	Electrical machinery.....	1.8
33	Primary metal industries.....	13.0			

Table 2C.--VALUE OF EXPORTS OF MANUFACTURED PRODUCTS BY PRINCIPAL STANDARD METROPOLITAN STATISTICAL AREAS,
BY MAJOR INDUSTRY GROUPS: 1960--Continued

Code	Area and industry group for which export data were publishable	Value of exports (million dollars)	Code	Area and industry group for which export data were publishable	Value of exports (million dollars)
	Richmond, total.....	63.6		South Bend, total.....	27.8
21	Tobacco manufactures.....	39.8	35	Machinery, except electrical.....	4.4
	Rochester, total.....	134.1		Syracuse, total.....	47.1
20	Food and kindred products.....	2.7	36	Electrical machinery.....	9.2
34	Fabricated metal products.....	3.4		Toledo, total.....	22.7
35	Machinery, except electrical.....	28.8	29	Petroleum and coal products.....	1.7
36	Electrical machinery.....	3.6	35	Machinery, except electrical.....	3.0
	St. Louis, total.....	73.7		Pitts-burg.....	35.7
20	Food and kindred products.....	4.9	35	Waterbury, total.....	13.4
28	Chemicals and allied products.....	19.7	35	Machinery, except electrical.....	3.1
38	Stone, clay and glass products.....	2.8	36	Instruments and related products.....	3.6
35	Primary metal industries.....	4.1		Wichita.....	31.2
34	Fabricated metal products.....	3.0		Wilmington.....	37.6
35	Machinery, except electrical.....	9.0		Worcester, total.....	42.2
36	Electrical machinery.....	7.2	35	Machinery, except electrical.....	35.0
37	Transportation equipment.....	13.7		Yerk.....	27.3
39	Miscellaneous manufacturing (including ordnance).....	1.7		Youngstown, total.....	33.5
	San Diego.....	3.1		Primary metal industries.....	12.8
	San Francisco-Oakland, total.....	124.1		Fabricated metal products.....	1.8
20	Food and kindred products.....	20.6		Machinery, except electrical.....	13.4
28	Chemicals and allied products.....	15.4			
29	Petroleum and coal products.....	49.3			
34	Fabricated metal products.....	5.3			
35	Machinery, except electrical.....	11.2			
36	Electrical machinery.....	1.6			
	San Jose, total.....	42.1			
20	Food and kindred products.....	13.7	35	Primary metal industries.....	12.8
35	Machinery, except electrical.....	11.9	34	Fabricated metal products.....	1.8
36	Electrical machinery.....	19.8	35	Machinery, except electrical.....	13.4

Table 25.--NUMBER OF ESTABLISHMENTS WITH MORE THAN 100 EMPLOYEES REPORTING EXPORTS OF MORE THAN \$25,000, BY DEPARTMENT GROUP AND BY STATES: 1960

- | | | |
|---------------------------------|--------------------------------------|-------------------------------------|
| 20 Food and kindred products | 27 Printing and publishing | 34 Fabricated metal products |
| 21 Tobacco products | 28 Chemicals and allied products | 35 Machinery, except electrical |
| 22 Textile mill products | 29 Petroleum and coal products | 36 Electrical machinery |
| 23 Apparel and related products | 30 Rubber and plastics products, nec | 37 Transportation equipment |
| 24 Lumber and wood products | 31 Leather and leather products | 38 Instruments and related products |
| 25 Furniture and fixtures | 32 Stone, clay and glass products | 39 Miscellaneous manufacturing |
| 26 Paper and allied products | 33 Primary metal industries | 40 Ordnance and accessories |

Division and State	Total	Establishments of 100 or more employees by major group ¹																																		
		20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39 & 40															
United States, total	7,496	228	34	57	5	25	5	243	64	213	151	271	38	308	334	909	1,465	919	543	309	306															
New England.....	721	9	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
New York.....	605	51	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Pennsylvania.....	704	22	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
West North Central.....	2,200	108	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Ohio.....	189	17	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Illinois.....	719	23	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Indiana.....	332	12	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Michigan.....	487	10	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Wisconsin.....	230	20	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
West South Central.....	1,454	90	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Texas.....	107	21	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Louisiana.....	102	24	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Mississippi.....	124	17	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Alabama.....	78	6	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Florida.....	37	4	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
South Atlantic.....	246	39	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Virginia.....	87	5	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
North Carolina.....	20	1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Georgia.....	31	1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
South Carolina.....	27	1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Florida.....	25	8	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
West South Central.....	309	38	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Arizona.....	107	15	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
California.....	78	6	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Idaho.....	37	4	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Montana.....	67	12	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Wyoming.....	10	6	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Colorado.....	21	3	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
New Mexico.....	12	2	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Utah.....	13	3	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Nevada.....	3	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Pacific.....	604	101	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Washington.....	26	20	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Oregon.....	43	8	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
California.....	43	70	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Alaska.....	1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Hawaii.....	1	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

¹In a few instances multiunit companies submitted reports for establishments with less than 100 employees because of their export importance, and these are included in the establishment counts.

LEVEL OF BENEFITS TO WORKERS, UNDER THE ADJUSTMENT ASSISTANCE PROVISIONS OF THE TRADE EXPANSION ACT OF 1962

1. General:

(a) The U.S. Government has traditionally offered special protection to workers in import-sensitive industries. In the past this has taken the form of protective tariffs which preserved jobs. Readjustment assistance allowances would take the place of this traditional job protection, and therefore the level of 65 percent of average wages is not inconsistent with past practice which sought to assure continuity of full wages.

(b) While the trade readjustment allowance is 65 percent of a worker's weekly wage as compared with the generally accepted goal for unemployment insurance of 50 percent of a worker's weekly wage, it is noteworthy that 41 percent of the workers covered by State programs are in States that pay some of their workers a basic unemployment benefit of at least 65 percent of average wages.

(c) Due to the fact that most of the workers who become eligible for this assistance are expected to be in relatively low-wage brackets, the average weekly allowance, under the 65-percent rule, is expected to be only about \$49.

2. Precedents:

(a) *Korean war veterans.*—Federal law makes veterans of the Korean conflict eligible for weekly benefits of up to \$26 when unemployed. At the time that this was enacted (1952), this amount was higher than that provided by regular unemployment compensation plans in most States.

(b) *Railroad Unemployment Insurance Act.*—Unemployed railroad workers are entitled under Federal law to benefits equal to 60 percent of their daily wages (with a limit of \$51 per week). This level is higher than that provided by most State unemployment compensation plans.

This is a good precedent for a certain category of workers being treated as a special case with regard to level of unemployment benefits.

3. State unemployment insurance does not offer an adequate means of promoting adjustment for import-affected workers because:

(a) *Coverage.*—It does not cover all such workers, e.g., agricultural workers.

(b) *Amount.*—The amount it provides would be insufficient in many cases for the many low-wage workers who would be affected and for the many workers who will face not merely temporary unemployment but loss of skill, seniority, fringe benefits, etc., if their firm or industry shuts down.

(c) *Duration.*—The duration it provides would be insufficient in many cases (State nationwide average: 23 weeks) for those facing change in employer and skill, particularly for the significant number of older workers who will be affected.

(d) *Training incentive.*—It does not provide an adequate incentive to accept training (the laws of only three States disqualify workers for unemployment insurance purposes who refuse training without good cause. In all but 19 States workers are disqualified from receiving unemployment insurance if they are taking training).

4. Allowances under the Manpower Development and Retraining Act do not offer an adequate means of adjustment for import-affected workers because:

(a) *Eligibility.*—They are only payable to workers who are in approved training programs. In order to gain admittance to such programs workers must be judged to be "trainable" for foreseeable job opportunities. Many older import-affected workers may not meet this test. In addition, there may not be facilities available for training all import-affected workers who are considered "trainable" at the proper time and place.

(b) *Coverage.*—They can only be paid in full to workers who are the heads of families or of household.

(c) *Amount.*—While the amount provided is appropriate for assisting those throughout the labor force who are in training, the amount is not an adequate substitute for the protection offered by tariff relief.

(d) *Duration.*—The 52-week provision for training is considered adequate for most purposes. However, the combining of supplemental assistance for unemployment and training assistance and the delays inherent in the procedure for determining import injury make it advisable to provide for a 28-week extension for training where appropriate.

(e) *Training incentive.*—Training allowances only provide an incentive to take training to the extent that the individual's entitlement to unemployment

insurance has been exhausted (the difference between unemployment insurance and training allowances is generally not significant).

(Prepared by the U.S. Departments of Commerce and Labor, July 1962.)

Senator CURTIS. Now, coming back to the question—a moment ago when I was asking about the authority that the Common Market had already delegated, the reply I received was that it was not necessary because there were no negotiations pending; is that correct?

Secretary HODGES. Yes, sir.

Senator CURTIS. Now, the President and those speaking for him have made it plain that this legislation is vital at this time. Will you explain why next year would not be just as good a time?

Secretary HODGES. What is the last part of the question, Senator Curtis?

Senator CURTIS. Why would not next year be just as good as now?

Secretary HODGES. Well, it will be losing what I would call a precious year. Anybody who is in business and wants to sell his goods has got to mount a campaign to sell. It would certainly be foolish to wait a year to go into it, and I think we are losing precious time. And I think we have not visualized in this country how powerful and how booming this European market is, and what may be done.

I think we had better get into negotiating with them as fast as we can, so I would say now is the time.

We have no authority left to do anything under existing law, and I think now is the time to start.

Furthermore, this thing is so complicated, it is going to take so much preparation to get ready and get a negotiator who I hope is a tough one, that it will take us a year, I would think, to get ready. So if we waited a year and then started, why, we are 2 years away.

Senator CURTIS. Now back to this unemployment situation involving compensation.

Secretary HODGES. Yes, sir.

Senator CURTIS. What is the philosophy of the administration in wanting to provide far more assistance to a man put out of work by foreign competition than to men who are put out of work by reason of domestic competition?

Secretary HODGES. Senator Curtis, we first have tradition for this. We have done it before for the Korean veterans, and other things, so it is nothing new.

But I will give you what I consider to be the basic reason why the man who is put out of work because of a tariff lowering ought to have more than the other man: basically if he is put out of a job because of imports coming in, the chances are he is going to have to stop work altogether or turn to another product.

So this man is probably subject to a very much longer time of being out of work.

Let us take your other man, Mr. A who, is put out of work for a different reason. He is living on his own savings and is going to get rid of them fairly soon. In this case where he is going to be out of work still longer, he is going to get in trouble, and I think it is only fair to the worker that he have a longer period and a higher rate for this thing when the Federal Government itself has caused him to be out of work.

It is an entirely different situation with the others. A worker can be out of work for a thousand reasons, including inefficiency.

Senator CURTIS. But he may be out of work for just as long.

Secretary HODGES. He may not be. The chances are that upon the tariff dislodgment he will be out of work longer than he will otherwise, because in many of these cases you are changing your retooling or you are changing over, you are getting into a new product or you have changed management, and you had a little lull for several months. In all, this may take a year to 2 years.

Senator CURTIS. Won't there be a natural impetus to federalize our whole unemployment compensation systems?

Secretary HODGES. I would quote you from the House report and Secretary Goldberg will say to you in person, he made a positive statement on the record that under no condition would this be used toward the matter of federalizing an unemployment program.

Senator CURTIS. How are you going to stop it?

Secretary HODGES. I am saying—

Senator CURTIS. If two families suffer unemployment, one is because of import and the other one is because they were supplying a factory that was not closed because of imports, they will both be of the same duration. We will assume the needs of the family are the same. How can Secretary Goldberg assure us that there won't be a demand to extend the same Federal benefits to the one who was not receiving as the one who is receiving it?

Secretary HODGES. What I was saying, Senator Curtis, Secretary Goldberg stated that neither he nor the administration would in any way use this bill for such purpose. The question of what happens on the program itself is a separate thing I am not commenting on.

Senator CURTIS. I think that the only reasonable conclusion that can be drawn from it is that there will be a demand because it already exists. Many people in the Government have advocated federalizing our unemployment compensation system, many union leaders and others; and every time that we go into a field and offer Federal benefits to one group, the natural and expected consequences are that other people facing a similar situation are going to ask for it.

Secretary HODGES. It did not happen with the Korean benefits, which is exactly the same thing.

Senator CURTIS. That was because of service in the military; was it not?

Secretary HODGES. I do not know, but you had the same problem.

Senator CURTIS. Who got it in the Korean war?

Secretary HODGES. Servicemen coming back.

Senator CURTIS. Servicemen?

Secretary HODGES. Yes.

Senator CURTIS. I think the American public rightly conceived that certain benefits belonged to our servicemen which do not apply generally to citizens.

Well, now, the provision of this bill that would allow the President to remove entirely all duties 5 percent and under—

Secretary HODGES. Over the 5-year period.

Senator CURTIS. Yes—Does this imply that a duty of 5 percent has no protective value?

Secretary HODGES. Well, not necessarily. Many of them are down to one-eighth of 1 percent or one-sixteenth of 1 percent, and we felt it was a cleaner situation. You could even use it proportionately more than it was worth by bargaining with nations on the basis that "we will take our tariff away altogether," and so forth.

Senator CURTIS. It is conceivable that some of them would have a tariff of 4 or 5 percent.

Secretary HODGES. And they will be preserved, if somebody brings a successful escape clause action under it, they will be preserved and not taken down. Also, it is only authority which you can use if you want to; you don't have to.

Senator CURTIS. That is if there is a tariff of 5 percent or less at the time of the negotiations?

Secretary HODGES. Yes, sir.

Senator CURTIS. So if this bill is passed one trade agreement could lower our tariff on an item such as automobiles down to 5 percent, and then at a subsequent time it could be reduced to zero; is that right?

Secretary HODGES. Well, I should have said it affected it at the time of the passage of the act. You could conceivably have one that is 8 percent, and reduce it to 4 percent, yes, sir.

Senator CURTIS. You can do that?

Secretary HODGES. But that would not come under it because it has to be as of the time of the act—5 percent or less at the time of the act.

Senator CURTIS. At the time of the act, not at the time of the negotiations?

Secretary HODGES. That was my fault; at the time of the act.

Senator CURTIS. Are you functioning as chairman of the trade policy committee?

Secretary HODGES. Yes, sir.

Senator CURTIS. Is that committee—and you are familiar with its activities of the GATT working party—is that committee working on tariff negotiations?

Secretary HODGES. Nothing going on at present. We finished up this winter and spring everything we had to do.

Senator CURTIS. What are they planning in the way of a new round of tariff negotiations?

Secretary HODGES. There are no plans whatsoever at the moment, Senator Curtis.

Senator CURTIS. My information is that in the 14-year history of the escape clause, out of some 184 investigations instituted the Tariff Commission by a majority vote has found that imports have caused serious injury to the domestic industry in 33 cases, and by an evenly divided vote in 18 cases.

This total of 41 cases in 14 years is about 3 per year.

Have you made an analysis of those cases to determine what the results would be in each case under the new escape criteria in section 801(b) of the bill?

Secretary HODGES. No, sir. I would think you would have to have a study made in those cases, based on new information.

Senator CURTIS. Is it your opinion that the new criteria would have resulted in fewer findings of injury or more?

Secretary HODGES. I do not know. I think we have estimated somewhere here how many we have in the 5 years. Do you know what it is?

Mr. BEHRMAN. We have not estimated how many of them would have a finding. We anticipated that a good many of these that did not get escape clause relief would come back for investigation under this act, possibly for trade adjustment assistance.

Senator CURTIS. You do not know—have you taken a position on whether there would be more findings of injury or less?

Mr. BEHRMAN. No, sir. I do not think the criteria of injury are significantly enough changed to make a prediction on that.

Senator CURTIS. Why are you advocating the change then?

Mr. BEHRMAN. There is no appreciable change in the injury criteria. The more important change is in the relief extended to companies under an injury finding.

Senator CURTIS. They get a different treatment if they have a finding. But there is a change in the criteria, is there not?

Mr. BEHRMAN. No, sir; no change of substance in the criteria of injury.

Senator CURTIS. No change at all?

Secretary HODGES. Not in the escape clause.

Mr. BEHRMAN. We had spelled some out whereas nevertheless they did not exist in the same detail, but the Tariff Commission testified these were the criteria which they used.

Senator CURTIS. Of the 41 cases which have gone to the President in the 14 years with a recommendation of tariff adjustment, the President has raised the tariff in only 15 cases. Have you made an analysis or have you had an analysis made of the effect which these tariff changes have had over a period of at least a few years on the total imports of the item in question, and all imports from the countries principally affected?

Secretary HODGES. No, sir. I do not think there has been such an analysis.

Senator CURTIS. Have these tariff adjustments in any case had a significant adverse effect on the total dollar earnings of those countries?

Secretary HODGES. I would not think so. I cannot think of one outstanding like that.

Senator CURTIS. I think, Mr. Chairman, that is all I shall ask at this time.

I did want to find out just about what these workers will receive. You told me that they would get compensation for a year, the Federal Government picking up the difference between the maximum they would get and the length, the duration, over the State plans. What else would they get besides compensation?

Secretary HODGES. He gets retraining and does not get his compensation unless he accepts the retraining.

Senator CURTIS. At whose expense does he get retraining?

Secretary HODGES. The Federal Government.

Senator CURTIS. And what do you give him?

Secretary HODGES. What is that?

Senator CURTIS. What do you give him in the way of retraining?

Secretary HODGES. Well, we try to give him the technique and the work in connection with trying to understand a new job. I could not describe it unless I knew what the job was.

Senator CURTIS. How long is that period?

Secretary HODGES. He could conceivably go 1 year and 6 months.

Senator CURTIS. What is he paid, if anything, while he is going 1 year and 6 months?

Secretary HODGES. He gets this 65-percent figure.

Senator CURTIS. Does he get any subsistence?

Secretary HODGES. No.

Senator CURTIS. Even if he has to go away from his home to get it?

Secretary HODGES. I do not think there is anything like that in the bill, sir.

Senator CURTIS. He does get a per diem?

Secretary HODGES. If he has to go out of his town, you mean? I thought you meant in his locality.

Senator CURTIS. What is the per diem?

Secretary HODGES. I suppose it would be a standard—up to \$5 a day, 10 cents a mile.

Senator CURTIS. \$5 a day and 10 cents a mile. How far away can he go?

Secretary HODGES. I do not know. I think it would depend entirely on where you are and where your training would be, Senator.

Mr. BEHRMAN. The bill says commuting area which would be within the possibility of getting back and forth in a day.

Senator CURTIS. So if he can get back and forth in a day you will pay him in addition to his compensation—

Mr. BEHRMAN. 10 cents a mile.

Senator CURTIS (continuing). 10 cents a mile, and \$5 a day for a year and a half?

Secretary HODGES. Up to a year and a half. It might be 3 months, it might be 6 months, I do not know. Of course, that is assuming that he has not found work in the meanwhile or has not been put back in his same company. There won't be too many of those, I would think.

Mr. BEHRMAN. Senator, I made an error. He gets the per diem and travel expense only if it is not within the commuting distance.

Senator CURTIS. Then that commuting distance was in response to my question as to how far you could send him. How far could you send him?

Mr. BEHRMAN. I see nothing that states how many miles he could be sent.

Senator CURTIS. No maximum mileage?

Mr. BEHRMAN. No maximum; a minimum of commuting distance.

Secretary HODGES. We could put a limit on it, but there is nothing said on it.

Senator CURTIS. Who decides what he is to be retrained for?

Secretary HODGES. The local employment office in his State, acting as agent of the U.S. Department of Labor and in consultation with the worker's firm.

Senator CURTIS. Suppose he is willing to be retrained but is not placed in his choice of occupation?

Secretary HODGES. Well, if he has not got a good reason and turns down retraining he does not get his money. You might have several programs going, and he might have a choice, if they thought he had any adaptability for it.

Senator CURTIS. The Government will decide what he is to be retrained for, and send him across the country to get it?

Secretary HODGES. No, sir. The bill does not so provide.

Senator CURTIS. Who is to decide what kind of training he is to get?

Secretary HODGES. I just finished saying, Senator, if there were several choices open the person would have a choice, again subject to his adaptability.

Mr. Goldberg, of course, might have more specific answers, but I am trying to answer in a commonsense way.

Senator CURTIS. The Government would determine his adaptability?

Secretary HODGES. Well, I think that whoever was doing it—I think I could give anybody in this room a test and tell you generally what he is not adaptable for, whether he is adaptable for a certain thing suggested for him. If not, we would have to have some other tests, but it is easy enough to find out whether a person is basically adaptable.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Secretary, you used a figure of \$47 a week. Is that the maximum amount that they can get?

Secretary HODGES. No, sir. We figured, I think there is a limit of \$61, Senator Byrd. I think we figured \$47—all these are estimates—\$47 was the best we could figure on the national basis, because you have plenty of jobs where the 85-percent rate would be under this \$61 figure.

The CHAIRMAN. Then are they included on the list of the unemployed?

Secretary HODGES. Yes, sir. Anybody who is unemployed—

The CHAIRMAN. These reports that are made from time to time, they would be included?

Secretary HODGES. Yes, sir. They would be included, certainly.

The CHAIRMAN. How many do you figure would be put out of work?

Secretary HODGES. We figure those who would get benefits under this, Senator Byrd. I think it is 90,000 over the 5-year period.

The CHAIRMAN. How many?

Secretary HODGES. 90,000.

The CHAIRMAN. 90,000.

Then assume that that whole company, it may be a small company or something, is put out of business, and the employees are put out of work. They would not pay any unemployment compensation, that particular company. What would the Federal Government do then?

Secretary HODGES. Well, the State would have the responsibility of paying the unemployment compensation up to what its law required, Senator Byrd. If that is finished, then the Federal Government would have to pick up what is left.

The CHAIRMAN. Pick up what is left? Some of the States have 20 weeks, 25 weeks, 30 weeks.

Secretary HODGES. That is right, sir.

The CHAIRMAN. The highest, I believe, is 39 weeks; is it not?

Secretary HODGES. I think that is correct, sir.

The CHAIRMAN. Now, did I understand that the company itself would not get any cash but only loans?

Secretary HODGES. That is right: not a penny.

The CHAIRMAN. What else would they get?

Secretary HODGES. The company can get a long-term loan. It gets a more moderate rate of interest, it gets certain technical assistance if needed, either from specialists or from an agency outside which might

be engaged, and it gets the tax carryback. Those are the features of the provisions that help the company.

The CHAIRMAN. Tax carryback would be—

Secretary HODGES. Five years instead of three.

The CHAIRMAN. On the decision as made by whom; who would determine that they get a tax carryback?

Secretary HODGES. It would be made in the agency administering adjustment assistance and it would be passed on to the proper department of Government to handle—Treasury or Internal Revenue, whatever it is, to determine the amount.

The CHAIRMAN. I assume by that you mean that if they made profits in the past and had losses, and they can carry the losses back; that is what you mean?

Secretary HODGES. That is right.

The CHAIRMAN. But there is no cash involved, no money, that would change hands insofar as the companies are concerned?

Secretary HODGES. That is right, sir. No grants, no subsidies. The only cash would be a refund of his past taxes based on the loss-carryback provision.

The CHAIRMAN. Suppose an agricultural corporation would lose money by reason of imports, what would happen to that?

Secretary HODGES. Well, basically if you could establish it as a firm or entity, why, it would have the same privileges, I would think, as a manufacturing firm.

The CHAIRMAN. Is that included in this bill?

Secretary HODGES. Yes, sir—

The CHAIRMAN. Where is it? Point it out.

Secretary HODGES. There is no exception made as regards agriculture.

The CHAIRMAN. Agriculture can be damaged just as well as other things.

Secretary HODGES. Yes, and it is intended to cover that.

Mr. BEHRMAN. The House report, Senator, makes that clear, I think.

The CHAIRMAN. What page?

Secretary HODGES. We will have to find it for you, Senator, I am afraid.

(The information requested was subsequently received for the record as follows:)

The reference is found on page 22, section F 1, as follows:

"Any firm, group of workers, or industry, or their representatives, seeking tariff adjustment or other adjustment assistance, or both, may file a petition with the Tariff Commission. The word 'firm' includes farms, mines, and fishing enterprises."

The CHAIRMAN. Now, Mr. Secretary, I would like to ask you to make a complete and explicit statement to be put into the record as to what additional powers the President would have under this bill as compared with the present law.

Secretary HODGES. Yes, sir.

The CHAIRMAN. You need not answer that offhand, but we would want a complete statement as to the increased power given to the President or the administration as compared to what it may have been.

Secretary HODGES. Of the proposed law as against the present law?
 The CHAIRMAN. Yes.
 Secretary HODGES. All right, sir.
 (The information referred to follows:)

**ADDITIONAL PRESIDENTIAL POWERS UNDER H.R. 11970 AS COMPARED WITH THE
 PAST TRADE AGREEMENTS LEGISLATION**

Since the Trade Agreements Act of 1934, Congress has authorized the President to (1) enter into trade agreements with foreign countries, and (2) proclaim changes in the import restrictions of the United States which are required or appropriate to carry out such trade agreements. With respect to this basic authority, H.R. 11970 is no different from the 11 previous extensions of the basic authority first granted to the President in 1934.

Basic authority

The basic authority provided in H.R. 11970 permits the President to (a) decrease by 50 percent any rate of duty existing on July 1, 1962, or (b) increase by 50 percent any rate of duty existing on July 1, 1934. Both the Trade Agreements Act of 1934 and the Extension Act of 1945 authorized the President to reduce a rate of duty by 50 percent of the rate existing at the time of enactment of the authority. The 1958 act renewed the authority of the President to increase by 50 percent a rate of duty existing on July 1, 1934. Therefore, the basic authority of H.R. 11970 does not differ from grants of authority previously provided under past legislation.

Under H.R. 11970, the President would no longer have the authority to decrease a duty to 50-percent ad valorem, as provided in the 1958 act, if such a decrease does not fall under the basic 50-percent authority, or the exceptions thereto, as outlined below.

Additional authority

In H.R. 11970, several exceptions to the 50-percent limitation on the extent to which the President may reduce rates of duty are provided for. They represent increases in the magnitude, but not the type of authority previously granted to the President, and their use is conditioned on the meeting of special tests.

1. *Special EEC authority.*—These exceptions to the basic 50-percent limitation relate to reductions or eliminations of import restrictions in carrying out trade agreements with the European Economic Community. First, the President may reduce by more than 50 percent or eliminate duties provided articles involved are included in categories of goods in which the United States and the EEC together supply 80 percent or more of the free world export value of such goods. To determine the categories to which this authority may be applied, the President must select a system of comprehensive classification of articles by category, and thereafter the Tariff Commission is required to group the tariff classifications of the United States under the appropriate categories specified in such system. It is provided that when the schedule of category content prepared by the Commission is first used, it may not thereafter be further changed. Thus, the exact relationship of a given U.S. tariff provision to a given category of the selected system would be made certain and definite.

Secondly, the President may also exceed the basic authority in the case of certain agricultural commodities, provided he determines that the agreement in question will tend to assure the maintenance or expansion of U.S. exports of the like article.

2. *Tropical commodities.*—Another exception authorizes the President to reduce or eliminate duties on tropical agricultural or forestry commodities provided a number of tests are met including a determination that the like article is not produced in significant quantities in the United States.

3. *"Low-rate" articles.*—The bill also grants the President authority to exceed the basic 50-percent limitation in the case of articles, provided they are subject to duties of not more than 5-percent ad valorem (or the equivalent), at the outset.

Limitations on the use of authority

Although the above exceptions to the basic 50-percent authority to reduce tariffs represent increases in the magnitude of the President's authority, over that contained in previous trade agreements legislation, they are subject not only to the limitations indicated above on the circumstances in which they may be used,

but also to certain general limitations on the use of all the authority contained in the bill which goes beyond that existing under previous acts.

For example, the preagreement procedures that must be satisfied before the President can make a binding offer of a tariff concession under H.R. 11970 are more elaborately spelled out. In addition, other provisions establish statutory machinery for the first time relating to the preparation for and the conduct of tariff negotiations. Some of these procedures were provided for or implied under past legislation. However, the detailed provisions for public hearings, for departmental advice, for a special representative of the President to be in charge of trade negotiations, for an interdepartmental trade organization, for congressional representation to the U.S. delegation, all represent expanded congressional guidelines for the use of the authority granted to the President.

Beyond this the bill provides that duties may not be reduced at all on certain classes of articles under H.R. 11970. These include articles covered by escape-clause proclamations and articles covered by actions taken under the national security provisions whether under prior legislation or under H.R. 11970 itself.

Finally, the staging requirements, providing for the gradual putting into effect of tariff reductions, are more restrictive than the similar requirements provided in the 1955 and 1958 acts, in that, with one minor exception, reductions must be spread out over five annual stages.

Adjustment assistance to firms and workers

Under existing law, the President has authority, under the escape clause, to withdraw concessions or impose other import restrictions if he concurs in a Tariff Commission finding that a domestic industry is being injured by imports as a result of a tariff concession. H.R. 11970 continues this escape-clause procedure. In addition, it authorizes the President to extend adjustment assistance to particular firms and workers injured by import competition. Under these provisions, firms adversely affected by trade agreement concessions could obtain Federal loans, technical assistance, and certain tax assistance where needed to assist their adjustment to import competition. Similarly, workers who were injured by imports could obtain trade readjustment allowances, retraining in new skills, and in some cases relocation allowances for the same purposes. This assistance may be extended to injured firms and workers separately, or in combination with tariff and quota relief to their industries as a whole. Much of the assistance provided for injured firms and workers is already contemplated in programs already available under existing law, so that it does not represent an additional grant of authority to the President.

Withdrawal of concessions

Finally, H.R. 11970 strengthens the President's authority to withdraw concessions when countries maintain unjustifiable import restrictions which are inconsistent with trade agreement commitments.

Secretary HODGES. This other thing you asked about, Senator Byrd, is on page 68 of the report—"a firm may be engaged in manufacturing, farming, fishing, mining, or any other kind of commercial activity."

Senator CURTIS. It has to be a firm, not an individual farmer?

Secretary HODGES. A firm.

The CHAIRMAN. A firm.

Secretary HODGES. A firm might be a partnership or a sole proprietorship; it is the same, as long as it is an entity.

The CHAIRMAN. What would happen to the employees there? Many of them are on the farms when they harvest the crop. What would happen to them; do they get compensation, too?

Secretary HODGES. If they could prove the case, Senator. All of these have got to go through a rather rigorous test of the Tariff Commission and the agencies.

The CHAIRMAN. I do not think any States have compensation for unemployed farmworkers who are not employed throughout the year.

Secretary HODGES. I do not know that they have. Farmworkers, per se, are not covered by unemployment insurance in most States.

This is primarily thinking in terms of an organization of one or more people that is an entity that produces goods which are directly affected by imports in their sales.

The CHAIRMAN. Your definition of a firm would be what?

Secretary HODGES. A firm could be a sole proprietorship, a partnership, or a corporation, I would think.

The CHAIRMAN. Could it be one man?

Secretary HODGES. I suppose it could be, Senator Byrd.

The CHAIRMAN. Suppose the farmer had two or three sons working for him. Would that be a firm?

Secretary HODGES. He might have a good situation. I do not know.

The CHAIRMAN. I do not think it is intended to be of much help to the farmers.

Secretary HODGES. That is not the theory back of it.

The CHAIRMAN. I do not know what a firm means unless it is supposed to mean a corporation.

I do not know that there are any other questions. Probably some other members of the committee may have some. We will excuse you for today, but we may have to call you back.

Secretary HODGES. All right, sir. I will be glad to come back, Senator Byrd.

Is that all?

The CHAIRMAN. That is all.

The committee will meet at 10 o'clock tomorrow morning.

(Whereupon, at 4:20 p.m., the hearing was recessed, to reconvene at 10 a.m., Tuesday, July 24, 1962.)



TRADE EXPANSION ACT OF 1962

TUESDAY, JULY 24, 1962

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to recess, at 10 a.m., in room 2221, New Senate Office Building, Senator Harry F. Byrd (chairman) presiding.

Present: Senators Byrd (chairman), Kerr, Smathers, Douglas, Gore, Talmadge, Williams, Carlson, and Curtis.

Also present: Elizabeth B. Springer, chief clerk, and Serge N. Benson, professional staff member.

The CHAIRMAN. The committee will come to order.

The first witness is Mr. George Meany of the American Federation of Labor and Congress of Industrial Organizations.

Mr. Meany, will you take a seat, sir, and proceed.

Mr. MEANY. Good morning.

The CHAIRMAN. The Chair would like to state he has been instructed by the committee that the witnesses must confine their oral remarks to 10 minutes. Anything above that can be inserted in the record. This is necessary if we are to hear all of the witnesses who have been scheduled, which is considerably more than 100.

STATEMENT OF GEORGE MEANY, PRESIDENT, AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS

Mr. MEANY. Mr. Chairman, I think I can stay within the 10 minutes.

Mr. Chairman, I am president of the AFL-CIO, and I am appearing on behalf of that organization in support of the trade expansion program embodied in H.R. 11970.

We have a comprehensive statement of our views which I would like to file for your consideration and for inclusion in the record.

The CHAIRMAN. If there is no objection it will be included.

Mr. MEANY. At this time I would like to summarize this longer statement and point up some of the questions which seem to us to be most critical.

As its name implies this bill proposes to increase the volume of America's foreign trade. We endorse that objective. We endorse it because this increased trade will strengthen the unity of the free world and promote the cause of democracy in the newly established or less developed nations in Africa, Asia, and Latin America.

We also endorse it because increased trade will stimulate the economic growth of the United States—if the safeguards provided in the bill are retained.

However, I think it is appropriate for me to point out that our endorsement is based upon a reasoned dispassionate analysis of the national interest; it does not derive from any narrow hope of gain by the labor movement or the workers we represent.

If we took the narrow view, the provincial view, we could easily come before you in opposition to this program. We could point to the problems of the shoe workers who find that imports have gone up almost 150 percent in the last year alone. We could point to the plight of the textile workers, the pottery workers, and many others.

We could even talk about Volkswagens and the auto workers, but even though we recognize these problems we must also look beyond.

The American labor movement long ago realized it was not enough to be just a special pleader for a special interest. We come before you not only to speak for the 13½ million dues-paying members but for the well-being of our country as a whole.

I am not implying that union members have nothing to gain from foreign trade. They work in the exporting industries as well as in those that must meet the competition of imports.

The major exporting industries are high-wage industries. It is important to preserve the jobs they provide, and if, as we believe, trade expansion will mean job expansion, union members will benefit.

But the expansion is in the future while the problem of unemployment is with us right now. That is why I say it is necessary for us in the labor movement to take a broad view in order to support this program.

In that spirit let me comment on the issue you are considering. In essence, the administration proposes to recast, in 1962 terms, the principles established in 1934 by the late Secretary of State, Cordell Hull.

The work of that great man was so brilliantly conceived that it has remained the foundation of our trade policy to this day.

As you know, we, in the AFI-CIO have consistently supported the various extensions of the Reciprocal Trade Act over the last 28 years. However, we agree with the administration that the time has now come for a fundamental revision, an updating and overhauling of this basic approach.

For one thing, the world of today is not the world of 1934 or even 1954. There is no need for me to recite the changes that have taken place in Europe, in Africa, and on other continents. We in the United States face new challenges that we must meet with new and imaginative programs. Our trade policy is part of that effort.

Therefore, we believe the President should have the greater negotiating authority that is contemplated in the current legislation.

This is by no means a grant of dictatorial power. The old safeguards are still preserved, including the ultimate authority of Congress, but the greater authority to negotiate that is granted to the President in the pending bill is, in our view, essential if we as a Nation are to maintain and expand our trade with other free nations.

I am sure you have heard from the best authorities the facts about the European Common Market. I do not claim to be an authority and I will not repeat the figures which have already been presented by previous witnesses.

However, let me say that I have just returned from a trip to Europe during which I had an opportunity to visit several of the Common Market countries, to observe what was going on, and to talk with trade union leaders and others. I assure you that my personal observations, limited as they were, confirmed the findings of the economists and the statisticians.

Let me make another point about our relations with the Common Market.

You have heard glowing prophecies about the vast future expansion of our exports to Europe that can result from the new trade program. I hope those prophecies come true, but there is no need to rely upon prophecies. We have the demonstrable, here-and-now problem of maintaining the European market we already have.

Unless this country is able to negotiate favorable terms when the Common Market is fully achieved we will lose much or all of our present export trade in that area.

Almost a third of all American exports go to Western Europe; and that involves a third of the 3 million American jobs that depend on exports. So the immediate issue is not 10 million television sets, some day, but 1 million jobs in the very near future. I am more convinced than ever that the salvation of the free world depends upon continuation and expansion of our trade with Western Europe and with the other democracies. We must forge by free choice the economic unity that Communists impose by edict.

We can do it, and—unlike the Communists—still preserve the autonomy, the independence of each participating partner.

A second major change is needed to make this expanded trade program successful. We must be clear eyed in facing the problem of imports. Here again I will not burden you with statistics. We could talk for days about the broad, general benefits of foreign trade; the many jobs it creates compared to the few jobs it costs; the tastes, and more important, the needs of our people that only imports can satisfy.

From tea to tin, from bauxite to bananas, we rely upon trade for pleasure, profit, and national security. Even so, we can't ignore the workers, the industries and the communities that suffer the consequences of increased imports.

One of the most welcome features of the present bill is that it frankly abandons the long-respected but unrealistic theory of "no injury"—a theory that until now has blocked the enactment of trade adjustment assistance.

Yet I gather from newspaper reports and other sources that trade adjustment assistance still remains one of the more controversial features of the program you are considering. This causes us the gravest concern. In our opinion there is no question whatever that adjustment assistance is essential to the success of trade expansion. And as we have said many times, it is indispensable to our support of the trade program as a whole. The facts bear us out. Let's face it:

Imports do take jobs away from American workers, even though trade itself may create a far greater number of new jobs elsewhere.

Imports do cause the contraction or collapse of some business enterprises, even though trade opens up many more business opportunities.

The workers, the businessmen, and the communities that suffer from

these losses cannot reasonably be expected to endure them, quietly and cheerfully, on the grounds that they are advancing the greatest good of the greatest number. And it is not in the national interest that they should do so. Unemployment and loss of business are no less damaging just because they stem from a worthy undertaking.

Trade adjustment assistance is based on two principles, either one of which would be enough to justify it.

The first is the responsibility of Government to promote employment and a healthy economy. It may be argued that historically, industries have shrunk, factories have closed, for any number of reasons, and sooner or later the workers have found other jobs in the new industries that replaced the old.

But in this instance we have the Government speeding up the process of change—in some cases, hastening the decline of certain industries. Surely the Government should also hasten the adaptation to change.

The second principle is a moral one—that if some citizens suffer as a result of Government policies adopted to meet the needs of the Nation as a whole, the Government has an obligation to provide effective remedies to those affected.

Trade adjustment is a positive approach to the domestic problems created by foreign trade. It can make it possible for the United States to meet the vital need for trade expansion, and at the same time insure the domestic economy against crippling damage.

Let me now turn to that perpetual bogeyman, who haunts every discussion of trade, of the balance of payments, of the flow of gold, and almost every other issue, foreign or domestic—let me now say something about wages.

There is no question that American wages are the best in the world. As president of the AFL-CIO, I make that statement with pride. It is not an admission; it is an affirmation.

Our American wages are the highest in the world because our American workers are the most productive in the world. Although American wages have gone up, our unit labor costs over the last 7 years have risen hardly at all. We are more competitive now, in terms of labor costs, than we were in 1953. Unit labor costs—the amount that is spent on labor for each item produced—are lower in the United States than in countries where money wages are as low as 10 cents an hour.

This miracle of productivity—as it was called by a conservative management organization, the National Industrial Conference Board—has built a market for American goods around the world. We can compete with anyone, because we have the skill and the know-how to do it. I have no apology to make for the high wages in the United States; those high wages are based on performance, and every progressive employer knows it.

Obviously we are not, as the saying goes, “pricing ourselves out of the world market” when we can sell 55 percent more goods to western Europe than we buy from there; when we can sell 65 percent more in Japan than we buy; when we can outsell, around the world, every other exporting country.

Moreover, all the evidence indicates that the wage gap itself is narrowing, and will continue to narrow. As other free countries achieve

prosperity, their labor movements press with increasing vigor for a greater share for workers. We in the AFL-CIO have had a part in helping these unions to take their proper part in their respective countries, and we are sure they will fulfill their proper functions.

The facts also show that other items in the costs of production such as materials operate in favor of this country, and that many of these items, again according to the NICB, are far more significant than direct wages in determining what it actually costs to produce any given product.

But beyond this, we in the AFL-CIO have an immediate interest in promoting the principle of international fair labor standards. We are motivated, not so much by the threat of low wages to this country's competitive position—for as I have indicated we are perfectly able to compete—but by our dedication to abolishing the exploitation of workers everywhere on earth.

Let me remind the committee that both the Democratic and Republican platforms in 1960 specifically endorsed the principle of international fair labor standards. We in the AFL-CIO believe this pending revision of American trade policy offers an unprecedented opportunity to bring that objective closer to realization.

There are at least three specific ways in which this could be done. For a detailed discussion, I refer you to the longer statement I have submitted.

I would like to conclude with one further observation.

Earlier this year I testified on the trade expansion bill before the House of Representatives. I said at that time that this was a matter of the greatest importance, the greatest urgency.

Since then I have been abroad. I have been to Berlin. I have seen that wall of shame—a wall that is not merely a symbol, but a real and tangible barrier to men who aspire to freedom.

My sense of urgency is infinitely greater today.

Our country, as you know so well, has, whether we willed it or not, become the leader in the struggle to preserve human freedom. That leadership imposes upon us obligations our forefathers never envisioned. These are obligations we did not seek, obligations we may not want, but obligations we cannot shirk. We must lead the struggle, for ourselves and for all mankind.

The bill before you is a basic weapon in that struggle—one we cannot do without. For unless we can weld all the free nations into a community of human liberty, that liberty cannot survive the challenge of Communist slavery.

The Communists know this well. They know the importance of the European Common Market, and of this bill. Their unremitting attacks on the Common Market, their frantic efforts to woo others away from it, betray their fear that the expanded industrial power and the closer alliances of a united Europe will inexorably turn the tide of history against them.

The program you are considering will speed that turning of the tide; indeed, it may be the decisive factor. We urge you to give it your full support for our country and for the cause of freedom.

The CHAIRMAN. Thank you very much, Mr. Meany.

Any questions?

Senator GORE. Mr. Meany, I listened with interest, and with a high degree of approval, to your statement.

I have been concerned with and impressed and persuaded of the necessity of amending our tax laws so as to remove the preferential treatment of income and profits earned abroad. I have felt this should be accomplished before passage of the trade bill or, failing that, it should be done by way of amendment to the trade bill, and be, therefore, a part of that bill.

I would like to have your views on that.

Mr. MEANY. Well, Senator, I testified on that question some time ago, and, of course, we would like to amend the tax laws so that we can get what we think is a proper share of this income earned abroad.

Now, the question of tying it in with this bill is a question of legislative mechanics, and I would certainly not want to comment on that. But I do think that, irrespective of whether we can come up with a tax reform bill this year or not, this program is imperative, even with the tax situation remaining as it is.

Senator GORE. Thank you, Mr. Chairman.

The CHAIRMAN. Any further questions?

Senator CARLSON. Mr. Chairman, just one.

Mr. Meany, yesterday we heard Secretary Hodges testify as to the mechanics in the operation of this program. Before I mention the question I want to raise I want to say I think you have a very fine statement here this morning, and you do raise some questions about it.

This is one of the questions that occurred to me yesterday. He stated that this has not become an industry versus—an industry that requires trade adjustment, it gets down to factories.

What will your position be and what will be the position of the committee when, for instance, we take a corporation that has plants in five areas of this Nation. Trade is such that they determine they are going to close one of them. Your organization represents the workers in all five of these; what will be your problem then and how can the committee and how can you solve that problem?

What can we do about it?

Mr. MEANY. You still have the problem of the displaced workers although you may not have the same problem as you would have with an employer closing down all of his business, but you would still have the same problem of extending trade adjustment benefits to the workers.

Senator CARLSON. That is very correct, and it is the question that concerns me and I am sure it is going to concern you because your group, your organization, represents the workers in all five of these plants and you are going to be under pressure and the community that loses this plant, of the five, one of the five. This is an interesting thought. If you have given some thought to it, because assuming they are going to close one of them in Kansas, it is going to be a terrific pressure point because that is one of the problems that is going to confront this Nation factory by factory.

Mr. MEANY. Yes.

Senator CARLSON. If you will give it some thought, I would appreciate it.

Mr. MEANY. I must say I had not thought of that particular phase of it, and it does present a problem.

Senator CARLSON. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Mr. Meany.

Thank you very much, sir.
(The material previously referred to follows:)

**POLICY RESOLUTION ON INTERNATIONAL TRADE, ADOPTED DECEMBER 1961 BY THE
FOURTH CONSTITUTION CONVENTION OF THE AMERICAN FEDERATION OF LABOR
CONGRESS OF INDUSTRIAL ORGANIZATIONS**

With the expiration of the present Reciprocal Trade Agreements Act in mid-1962, the United States must make some fundamental decisions on the future role of our country in the economic life of the free world. Since the launching in 1934 of the reciprocal trade program under Cordell Hull and Franklin D. Roosevelt, our country has led in worldwide efforts to reduce barriers to trade. The American labor movement has traditionally supported steps leading to gradual liberalization of world trade.

Since 1934 the Reciprocal Trade Agreements Act has been extended a number of times, most recently in 1958 for a 4-year period. Although amended from time to time, the basic law has remained largely unchanged. In the main, therefore, it is attuned to the needs of our country and the world of nearly 30 years ago.

However serviceable the present trade legislation may have been in the past, America now needs an international trade policy geared to the vastly changed world of the sixties. For this reason, amending or extending existing legislation is not enough. We need a new law and a new approach to the opportunities, problems, and challenges of international trade.

In developing new trade legislation, the Congress should take a hard look at the world as it is today. Most of the other industrial nations of the free world have had a much better record of economic growth in the postwar period than our own country. With their rapid expansion they have also been able to achieve and maintain full employment, a goal which has thus far eluded the United States. In the exhilarating atmosphere of economic dynamism and jobs for all, our free world partners in Western Europe have not hesitated to undertake cooperatively to dismantle the barriers against each other's trade. They have joined together in regional economic groups. The European Common Market and the European Free Trade Association inevitably will move closer together now that Great Britain, a member of EFTA, has applied for membership in the Common Market.

The countries of each group have already gone far toward eliminating trade barriers among themselves. They have also indicated a willingness to reduce their tariffs against exports from the United States provided we are willing to make reciprocating cuts in our tariff levels. Unless the United States is prepared to make some such cooperative arrangements with the other free world nations, we may be confronted with a significant decline in our export opportunities as the result of being closed off from the countries of Western Europe, whose economies are the most rapidly expanding in the world. But the loss in our foreign trade, as serious as it would be, would not be the worst consequence we would face. Economic isolation of the United States from the rest of the industrialized free world would greatly diminish our influence in important free world economic decisions. Such a lesser economic role could also weaken our political leadership of the free world.

We must think not only of the industrialized countries, even though our trade is very important to both their welfare and ours. The United States and the other industrialized countries have a special obligation to the newly developing countries. Part of that obligation can be met through economic and technical assistance. The AFL-CIO has been among the staunchest supporters of such programs of aid to the less developed countries. But we must also help these countries obtain markets for the products of their new industries. Certainly it would be the height of folly for us to seek to build up the economies of the developing countries by extending economic and technical aid while at the same time stunting their opportunities for economic progress by closing our markets to their products.

Thus there is a greater economic and political need than ever before for the United States as a nation to vigorously pursue a course of trade liberalization. But the course we take must be one we are prepared to follow to the end. It must not only be the right course, it must also be just—just to our own people and just to the people of our trading partners.

At the same time, we must take account of the economic characteristics of certain industries and avoid action which would add to the level of hard-core unemployment in the United States. Some industries are particularly vulnerable to the unfair competition of imports from low-wage countries. They were traditionally sweated industries which cannot survive against competition based on substandard wages and working conditions. Most of their work force is composed of employes for whom alternate employment opportunities are highly limited.

Neither "free trade" nor "protection" can provide the right trade policy for the America of today. These are outworn slogans which in today's world have lost whatever relevance they may have ever had in the past. Instead, our policy must be one which looks toward gradual reduction of barriers to trade while at the same time assures that no undue burden resulting from such trade liberalization will be placed on any individual or group. Thus, we must seek maximum benefits in expanded trade while doing everything possible to mitigate the inevitable stresses and strains involved in gradual trade liberalization: Now, therefore, be it

Resolved, The AFL-CIO calls upon the Congress to enact a new tariff and trade law in 1962 which would provide a maximum opportunity for expansion of trade and which would provide effective measures for easing the impact of increased imports, actual or anticipated, resulting from tariff reductions, through trade adjustment assistance and other effective measures. Adequate assistance or relief for those adversely affected by imports is essential if the American labor movement is to continue its support for a liberal trade policy. To achieve these objectives, we recommend the following comprehensive program:

1. The President should be given broad authority to negotiate across-the-board tariff reductions to be applied over a period of years. The President should also be given discretion to eliminate tariffs on low-duty items and to make non-reciprocal cuts whenever these are deemed desirable by him in the national interest. However, the President should specifically reserve certain sensitive items in advance from inclusion in such reductions.

2. The escape clause provisions in the existing legislation should be retained so that tariff rates which are actually causing serious injury to American industry and workers could be altered. However, the escape clause provisions should be modified to apply only to an entire industry. The extent and duration of such relief should be geared to the seriousness and duration of the adverse effect of increased imports.

3. To replace the so-called peril-point concept, which currently requires the Tariff Commission to make findings prior to the beginning of the negotiations should be a provision requiring the President when determining the composition of commodities to be covered by tariff negotiations, to take account of injury that might be anticipated as a result of tariff reductions for such items. Furthermore when it appears that negotiated tariff rates have a serious domestic effect, the President should be given authority, without requirement of any time-consuming administrative processes, to seek to remedy the situation by immediately raising tariffs, imposing quotas and/or invoking adjustment assistance.

4. The new legislation should direct the President to take whatever action is necessary to mitigate problems of market disruption, i.e., situations in which appreciable influxes of imports which result or threaten to result in significant displacement of domestic production and employment. A specific situation is illustrated in the textile and apparel industries, by the recently concluded 1-year International Textile and Apparel Agreement which shows an approach for meeting such problems through multilateral international action. There is, however, a need to extend such action and to provide ceilings on imports geared to fluctuations in domestic consumption in the long-term international agreements still to be negotiated.

5. No American industry should be subject to unfair competition resulting from the sale of raw materials, such as cotton, to users abroad at prices below the domestic U.S. price.

6. In all phases of tariff and trade policy, the U.S. Government should seek to safeguard the absolute historic levels of production of significant domestic industries. This would help to assure that competitive imports in and of themselves would not depress U.S. production or employment below historical levels. This policy should be administered in a flexible manner permitting modifications as soon as feasible. The policy should be flexible enough so that whenever modi-

fications are possible, they should be reconsidered. An effective trade adjustment program would help make such modifications feasible.

7. The Congress should incorporate in the new legislation a trade adjustment program to provide effective assistance to workers, firms, and communities adversely affected by import competition. Such assistance should be available not only when such injury has already occurred, but also when it can reasonably be anticipated during the ensuing years.

8. The United States should vigorously pursue in every way possible the promotion of improved labor standards in international trade. Improved wage and living standards should accompany productivity advances and expanded markets of exporting industries. This is necessary not only to protect American workers against substandard competition from low-wage countries, but also to assure workers in other countries a fair share of the increased returns resulting from expanded trade. The new legislation should specifically include improvement of international labor standards as an important objective of U.S. trade policy. The United States should also seek to obtain annual reports by member countries of the General Agreement on Tariffs and Trade (GATT) on labor standards existing in exporting countries.

[Fact sheet prepared by the AFL-CIO Department of Social Security, July 17, 1962]

TRADE READJUSTMENT ALLOWANCES

A great deal of misinformation has been spread in recent weeks purporting to show that the trade readjustment allowances cannot be paid as provided under H.R. 11970.

This contention is based on a standard provision in most State unemployment insurance laws which reads as follows:

"An individual shall be disqualified for benefits for total or partial unemployment for any week with respect to which or a part of which he has received or is seeking unemployment benefits under an unemployment compensation law of another State or of the United States * * *"

It is alleged that this would prohibit payment of the State weekly unemployment compensation benefit if the Federal Government also paid an additional benefit raising the total to 65 percent of the individual lost weekly wage, as provided under the trade expansion bill.

This is a specious contention based on a desire to eliminate the entire trade readjustment allowance provided in the bill.

(a) The contention is fallacious, first, because it ignores another typical provision which also appears in States' unemployment insurance laws:

"Potential rights to benefits accumulated under the unemployment compensation laws of one or more States or under one or more such laws of the Federal Government, or both, may constitute the basis for the payment of benefits through a single appropriate agency under terms which the commissioner finds will be fair and reasonable as to all affected interests and will not result in any substantial loss to the fund."

Reading this provision in conjunction with the disqualification first cited equips the State laws both with a safeguard against the unemployed worker filing claims for duplicative benefits and, at the same time, gives authorization for combining benefits that are established by arrangements between States or between a State and the Federal Government.

Agreement between the States and Federal Government is the mechanism provided for the payment of trade readjustment allowances.

(b) Most States have entered into wage-pooling arrangements under which rights earned in two separate States may be combined. These are cases where the States have entered into agreements with each other and, therefore, the disqualification against duplicative benefits does not apply.

All States have entered into agreements with the Federal Government to pay compensation to Federal civilian workers and ex-servicemen. Under these arrangements, Federal wage credits may be combined with State wage credits so that the worker will be eligible for a larger supplemental benefit than he would be under the State law alone. This is another illustration of how a State can enter into an agreement with another government which permits payment of a supplemental benefit.

In short, it is clear that the disqualification provision cited has the effect of preventing duplicative payments at the will of the claimant but does not prohibit special arrangements supplementing a State benefit amount when an agreement has been made with another government.

(c) A direct precedent to the trade readjustment allowances existed in the Veterans' Readjustment Assistance Act of 1952. This law provided that if a State benefit was less than \$26 a week, a Federal supplement was paid. If the individual filed a veterans' claim and was for that reason denied State benefits, he could receive only the Federal supplement. The provisions in the trade expansion bill are very similar. If a worker is entitled to a State benefit less than 65 percent of his average weekly wage or 65 percent of the average manufacturing wage, whichever is less, he will receive a Federal supplement.

What was the experience with the Veterans' Readjustment Assistance Act? Did the States enter into agreement with the Federal Government to allow supplemental benefits? Or did they refuse to pay benefits on the grounds that the Federal supplement disqualified the claimant?

Every State but one paid both the State benefits and the Federal veterans' supplement without prior legislation. One State worked out a device which enabled veterans to receive payments in the same weekly amounts as if the State benefit had been supplemented. Subsequently, a few State legislatures expressly confirmed by amendment what the State agencies had done.

Since no State disqualified an individual for claiming a benefit under the veterans' law, how can there be any substance to the claim that this would happen under the trade expansion bill? The legal authority of a State to enter an agreement with the Federal Government is clear. Supplemental Federal payments do not disqualify for payment of the State benefit when there is such an agreement. This has been tested and proven. The impression remains that the smoke screen about the legality of duplicative payments is simply a political device to cloud the basic issue on the merits of adequate trade readjustment allowances.

[Fact sheet prepared by AFI-CIO Research Department, July 17, 1962]

**TRADE ADJUSTMENT ASSISTANCE PROVISIONS OF TRADE EXPANSION ACT OF 1962
(H.R. 11070)**

Aim: To help workers, companies, and farmers who may be affected by imports to adjust to the new situation.

Need for the program: President Kennedy calls adjustment assistance "an essential part of the new trade program."

AFI-CIO convention resolution is even stronger: "Adequate assistance or relief for those adversely affected by imports is essential if the American labor movement is to continue its supports for a liberal trade policy."

New and necessary alternative for the President. Until now, if lowered tariffs were found to hurt U.S. industry, the President had only the choice of raising tariffs, restricting imports, or letting the injury occur for national policy reasons. Now trade adjustment would give another choice to the President, which would actually help those affected, but would not interfere with national policy interests.

Principle: If by Government decision, the United States decides to expand trade for the national well-being, the Government has an obligation to act to help those who are affected by the results of that decision.

How it works: Workers, firms, or industries may petition Tariff Commission which may find lowered tariffs have caused or threaten to cause serious injury. The President may then choose among remedies, to apply adjustment assistance, when they are certified as eligible.

Workers would be eligible for—

(1) Readjustment allowances, usually amounting to 65 percent of the worker's average weekly wage, for up to 52 weeks for all workers, with provision for up to 26 more weeks for a worker in an approved training program, or a possible 13 more weeks for workers over 60 years of age who are not getting training.

(2) Vocational education and training to help workers hurt by imports to develop higher and different skills.

(3) Relocation allowances to pay for the worker's and his family's moving expenses, plus a lump-sum payment of about \$230.

Firms would be eligible for—

- (1) Technical assistance.
- (2) Tax relief.
- (3) Loan guarantees or actual loans.

Coordination of the program is provided through Cabinet-level Adjustment Assistance Advisory Board, chaired by Secretary of Commerce with Secretaries of Labor, Agriculture, Interior, Health, Education, and Welfare, Treasury, and Small Business Administrator. Advises President and various agencies on coordination. The Board also will set up special advisory committees of employers, workers, and public representatives to consider problems of particular industries.

[Supporting memorandum]

TRADE ADJUSTMENT ASSISTANCE

The trade adjustment assistance program is designed to help workers, companies, and farmers who may be affected by increased foreign competition to adjust to the new situation.

President Kennedy describes adjustment assistance "as an essential part of the new trade program." The AFL-CIO convention resolution put it even stronger: "Adequate assistance or relief for those adversely affected by imports is essential if the American labor movement is to continue its support for a liberal trade policy."

The idea behind adjustment assistance is a simple one. Until now all the President could do if he found that reduced tariffs had hurt American industry was to raise the tariff or impose some other type of restrictions on imports. This was self-defeating, but even more important, unnecessary in many cases. Organized labor has urged for many years that he be given an additional alternative under which he could provide adjustment assistance instead of just tariff relief. The new bill now before the Congress gives the President this new type of authority.

Adjustment assistance would accomplish three significant things. It would enhance the national interest in expanded trade. It would safeguard the welfare of firms and workers who might otherwise suffer from lowered trade barriers. It would strengthen our economy at home as well as our world competitive position by helping firms and workers to increase their efficiency either in their present lines or by getting into new ones. Trade adjustment assistance is based on the broad moral principle that if by Government decision we decide to expand our trade to advance our welfare and security as a nation, the Government has an obligation to take effective action to meet the adjustment problems arising from that decision.

HOW ADJUSTMENT ASSISTANCE WOULD WORK

Various forms of adjustment assistance would be available under the bill to workers and firms. If a group of workers or their union for example thought that in their plant or even a department of the plant a significant number of workers might be laid off because of increased imports, they could file a petition with the Tariff Commission for eligibility to apply for adjustment assistance. Within 60 days the Tariff Commission would have to advise the President of the extent to which increased imports had had an injurious effect on those workers and the President would then determine whether the workers were eligible for adjustment assistance. Business firms would also go through a similar procedure to get a determination of eligibility.

If the President were advised by the Tariff Commission that reduced tariffs had caused or threatened significant job displacement, he could certify that the workers involved were eligible for three kinds of adjustment assistance. The Secretary of Labor is responsible for authorizing and administering assistance and for administering the program.

1. Readjustment allowances providing in most cases 65 percent of the worker's average weekly wage for up to 52 weeks for all workers, with provision for up to 26 additional weeks for a worker in an approved training program, or a possible 13 additional weeks for workers over 60 not receiving training. The law stipulates, however, that the readjustment allowance cannot be more than

65 percent of the average wage for all factory workers. It also provides that if the worker affected by imports is employed part-time, his readjustment allowance is reduced by 50 percent of his wages, but combined part-time pay and allowance could not exceed 75 percent of his average weekly wage. Also any unemployment insurance the worker is entitled to receive is deducted from the readjustment allowance.

The following examples illustrate how the readjustment allowance would be determined.

An \$80-a-week worker is laid off because of imports. For a full year he could get 65 percent of \$80, or \$52 a week. But if during the first 26 weeks he is getting \$30 a week in unemployment insurance, the remaining \$22 will come out of the readjustment allowance. After his unemployment insurance runs out, the readjustment allowance will be the full \$52 for the remaining 26 weeks.

A worker has been paid \$120 a week. His weekly wage is above the national average in manufacturing which in 1961 was \$92.34. This means that he would be entitled to 65 percent of \$92.34, or \$60.02 with the deductions noted above for any unemployment insurance received.

A worker previously receiving \$90 a week goes on half-time and gets \$45 weekly. In addition to his pay, he receives a readjustment allowance of 65 percent of \$90, or \$58.50, minus 50 percent of \$45 (his part-time pay), or \$22.50, for a total of \$36 ($\$58.50 - \$22.50 = \$36$). With his part-time pay of \$45, he would get a total amount weekly of \$81 ($\$45 + \$36 = \81). However, since the total of his adjustment allowance plus his wage cannot exceed 75 percent of his average weekly wage, he gets only 75 percent of \$90 or \$67.50.

2. Workers hurt by imports will also be eligible for vocational education and training to help them develop higher and different skills. Workers receiving training are eligible for up to 78 weeks of readjustment allowances. Workers who refuse to take advantage of suitable training opportunities will be disqualified from receiving readjustment allowances.

3. Heads of families who can't find a job in their present community will get a relocation allowance to pay for moving the worker and his family and his household effects plus a lump sum equal to 2.5 times the average factory wage. Based on the 1961 figure, this cash amount would be \$230.85.

Businessmen could also get assistance, but first they would have to present a proposal for their economic adjustment. The firm could get technical assistance from the Government in working out its plans, but it would have to show that the steps it proposed would contribute to the firm's economic adjustment, make maximum use of its own resources, and "give adequate consideration to the interests of" its workers.

After the Secretary of Commerce OK'd the firm's proposal, it would be eligible for:

(1) Technical assistance either from appropriate Government agencies or from private sources, partly or completely paid for by the Government.

(2) Tax relief permitting firms to credit losses due to imports against profits over the preceding 5 years.

(3) Loan guarantees or actual loans on reasonable terms to be used for modernization of existing facilities or shifting into a new line of production or for working capital for such purposes as developing expanding markets or financing technical assistance.

The bill sets up a Cabinet-level Adjustment Assistance Advisory Board with the Secretary of Commerce as Chairman, plus the Secretaries of Labor, Agriculture, Interior, Health, Education, and Welfare, Treasury, and the Small Business Administrator. The Board will advise the President and the various agencies he designates to administer the program on overall coordination of the various adjustment assistance activities. It will give special consideration to devising ways of keeping workers in their present companies wherever possible. It will also set up to advise the Board special advisory committees, composed of employers, workers, and public representatives to consider the problems of particular industries.

[Fact sheet prepared by AFL-CIO Research Department, July 17, 1962]

**SAFEGUARDS AGAINST IMPORT INJURY IN PROPOSED TRADE EXPANSION ACT OF 1962
(H.R. 11870)**

Safeguards at all stages: The bill provides safeguards against possible harm to workers, businesses, and farmers who may be affected by higher imports. Despite the beneficial overall effect of expanding trade, the bill recognizes that injury can occur and aims to keep such injury to a minimum at all stages:

(1) Before tariff negotiations take place with other countries, certain safeguards operate.

(2) After tariff negotiations take place with other countries, certain safeguards operate.

Before negotiations ever take place, two specific prenegotiation safeguards are provided in this bill—

(1) Allowing President not to negotiate tariff changes on certain items if the Tariff Commission finds that such a tariff cut would have a particularly serious impact. The bill authorizes the President to hold those items out of negotiation on the basis of factfinding and hearings, before the U.S. negotiators start tariff bargaining with other countries.

(2) Forbidding President to negotiate tariff changes on any item which has had its tariff raised under the escape clause provision of the former trade law. For example, bicycles, stainless steel flatware, and lead and zinc tariffs have been raised under the escape clause. No tariff negotiation may take place for such items, according to the provisions of this bill. This also forbids the President to negotiate changes under some circumstances on items where escape clause finding is made by Tariff Commission whether or not finding is carried out.

After negotiations have taken place, the bill provides postnegotiation safeguards to help workers, firms, and industries who may have been affected by increased foreign competition.

(1) Trade adjustment assistance: President Kennedy calls this an essential part of the new trade program. The AFL-CIO convention said adjustment assistance is essential "if the American labor movement is to continue its support for a liberal trade policy."

(a) Workers would get three kinds of adjustment assistance.

(1) Readjustment allowances, up to 65 percent of the worker's average weekly wage for up to 52 to 78 weeks.

(2) Vocational education and training.

(3) Relocation allowances.

(b) Businessmen would be eligible for—

(1) Technical assistance.

(2) Tax relief.

(3) Financial assistance.

(c) Farmers would be eligible for—

(1) Technical assistance.

(2) Tax relief.

(3) Financial assistance.

(2) Tariff relief: The President could put into effect tariff restrictions or quotas after Tariff Commission found injury.

National security safeguards:

(1) Tariff cuts don't apply to Communist countries.

(2) The President can act to reduce imports of defense-related items that would affect U.S. industry enough to threaten the national security in almost any way. This provision is in the current law in the same form.

[Supporting memorandum]

SAFEGUARDS AGAINST IMPORT INJURY

At every stage of the tariff-negotiating process, the bill sets up safeguards against injury to American workers, businesses, and farmers who may be affected by increased imports. The new trade program will result in rising exports and imports. Past experience indicates that exports will rise more than imports and therefore the net effect will be to increase jobs for American workers. Still, in the process in some industries there will be some loss of production to imports and some displacement of workers from their jobs. But the bill contains effective features designed to hold such injury to a minimum.

PRENEGOTIATION SAFEGUARDS

These safeguards would go into operation even before the tariff negotiations began. This is what would happen. Before entering into any negotiations, the President would give to the Tariff Commission the list of the products or categories on which he proposes to negotiate. The Tariff Commission would report to the President the probable effects of tariff cuts or other trade-liberalizing measures on the firms or workers now producing those items. Before reaching its conclusions on these points, the Tariff Commission would hold hearings at which companies, unions, or other interested parties could testify.

These procedures are similar to the so-called peril point procedures in the expiring legislation under which the Tariff Commission determines the lowest point to which an existing duty can be cut without hurting the domestic producer. The new procedure would improve on this because instead of the Tariff Commission making a bare determination of the peril point, it would provide the President with information on what the effects of lowering tariffs might be in various industries under consideration.

On this basis, the President could hold out from the negotiations items or categories where the Tariff Commission found that tariff cuts would have a particularly serious impact. In addition to these, the bill specifically prohibits the President from including in the negotiations any items on which tariffs have been raised by so-called escape-clause action under the old law. This means that no tariff reductions could be negotiated for such sensitive products as women's fur felt hats, bicycles, stainless steel flatware, and lead and zinc. Also, he may not negotiate on items which Tariff Commission found injury under the escape clause until the Commission says the injury is cured, even though an escape clause proclamation has not been made.

Hearings must be held on items selected for negotiation.

POSTNEGOTIATION SAFEGUARDS

*Trade adjustment assistance*¹

The prenegotiation safeguards are aimed at preventing tariff cuts on items where increased imports might have a disastrous effect on the American firms and workers. But the bill also has provisions to deal with problems that may arise after tariffs have already been lowered. The postnegotiation safeguards include the new trade adjustment assistance program which is designed to help workers, companies, and farmers who may be affected by increased foreign competition to adjust to the new situation.

President Kennedy describes adjustment assistance "as an essential part of the new trade program." The AFI-CIO Convention resolution put it even stronger: "Adequate assistance or relief for those adversely affected by imports is essential if the American labor movement is to continue its supports for a liberal trade policy."

Trade adjustment assistance is based on the broad moral principle that if by Government decision we decide to expand our trade to advance our welfare and security as a nation, the Government has an obligation to take effective action to meet the adjustment problems arising from that decision.

Various forms of adjustment assistance would be available under the bill to workers, firms, and farmers. Workers would be eligible for three kinds of adjustment assistance:

(1) Readjustment allowances providing in most cases 65 percent of the worker's average weekly wage for up to 52 weeks for all workers, with provision for up to 26 additional weeks for a worker in an approved training program, and a possible 13 additional weeks for workers over 60 years of age not receiving training.

(2) Workers hurt by imports will also be eligible for vocational education and training to help them develop higher and different skills.

(3) Relocation allowances for heads of families who cannot find a job in their present community.

Businessmen and farmers would be eligible for:

(1) Technical assistance either from appropriate Government agencies or from private sources, partly or completely paid for by the Government.

¹ See fact sheet "Trade Adjustment Assistance."

(2) Tax relief permitting firms to credit losses due to imports against profits over the preceding 5 years.

(3) Loan guarantees or actual loans on reasonable terms to be used for modernization of existing facilities or shifting into a new line of production or for working capital for such purposes as developing expanding markets or financing technical assistance.

Tariff relief

The bill gives the President the power to invoke relief in the form of increased tariffs or other import restrictions. Thus, the old escape-clause mechanism is still available. The President may use this either alone or in combination with adjustment assistance measures. The law looks for tariff relief to expire in 4 years after it goes into effect unless the President decides the national interest requires a longer period. (The law also provides that the Congress may put the tariff relief into effect in the amount said to be necessary by Tariff Commission by a majority of both Houses if the President decides not to apply tariff relief and Congress objects.)

The bill also contains provisions for protection of the national security. First, tariff cuts will not apply to Communist countries. Second, if large imports of defense-related items are threatening a U.S. industry producing those articles enough to impair the national security, the President can take action to reduce such imports to a level that will no longer jeopardize the national security. This provision on national security is quite broad and is taken without change from the existing law. As a matter of fact, the national security clause is so broadly worded that it could conceivably be used to cover situations only remotely or not at all related to the national defense requirements.

CONGRESSIONAL POWER AND SPECIFIC RESPONSIBILITY

The Congress has representatives at each negotiating session.

The Congress has power to put into effect findings of Tariff Commission and to request findings by Tariff Commission.

The Congress (Senate) has say (advise and consent) as to who shall be the chief negotiator set up by the law, "Special Representative for Trade Negotiations".

THE RECENT RECORD OF U.S. FOREIGN TRADE EXPORTS AND IMPORTS (OVERALL AND MAJOR CATEGORIES)

U.S. FOREIGN TRADE POSITIONS IMPROVING

Overall U.S. trade (exports and imports) has grown from an \$18.9 billion total in 1950 to \$34.8 billion in 1961, up more than 80 percent in 11 years.

Exports (nonmilitary) have more than doubled, rising from \$10.1 billion in 1950 to \$20.1 billion in 1961, up over 100 percent.

Imports have risen less rapidly from \$8.9 billion to \$14.7 billion, from 1950 to 1961, a 65-percent rise.

Total trade, therefore, has been expanding while our balance of trade has become more favorable—from a surplus of \$1 billion of exports over imports in 1950 to \$5.3 billion in 1961.

Expectations are for continuation of a steady favorable trend in 1962, as first quarter and 5-month figures show continued strength.

THE NATURE OF U.S. TRADE

Favorable balance from finished manufacturers to industrialized areas.—Finished manufacturers is largest category of U.S. exports, \$10.9 billion in 1961, over 50 percent of all U.S. exports that year. In 1946-50 finished manufactures represented about the same percentage of total U.S. exports, but much lower total. Industrialized areas of the world bought more from the United States in 1961—\$11.7 billion worth of goods—than we bought from them—\$8.4 billion. Favorable balance with these countries was therefore about \$3.3 billion. Western European countries accounted for 68 percent of this favorable trade balance. Western Europe is America's largest single market area.

STATISTICAL COMPARABILITY

Efforts to cast doubt on U.S. Commerce Department figures are made by some who say that differences between official U.S. methods of collection of information and reporting by other countries mean that U.S. official figures overstate the U.S. export surplus. Since the Commerce Department measures both U.S. imports and exports on the same basis, our official U.S. figures showing (a) U.S. export rise and (b) U.S. export surpluses are valid. Assistant Secretary of Commerce, Jack Behrman, explains the official statistics" are comparable and do measure our sales in foreign markets."

[Fact sheet prepared by AFL-CIO Research Department, revised July 17, 1962]

[Supporting memorandum]

OUR BALANCE OF TRADE HAS BEEN IMPROVING STEADILY

In 1961 nonmilitary exports were \$20.1 billion, 3.9 percent of our \$521 billion gross national product for the year. Imports were \$14.7 billion, 2.8 percent of the gross national product. The balance of trade represented by the excess of our exports over our imports was \$5.8 billion.

This favorable balance is more significant when we consider that it has increased about 5 times in 11 years. In 1950 our balance stood at only \$1.1 billion. (See table 1.) In a similar fashion our exports have more than doubled over the same period. However, imports, although they have increased, have not nearly kept pace with exports, and it is this long-term trend that fundamentally explains the existence of our rapidly growing trade balance. As a footnote it should be pointed out that it is quite possible that the imports and exports for any particular industry have not behaved in a way exactly compatible with the overall trends. Nevertheless, it is these overall trends that accurately measure the behavior of our Nation's trade through time.

OUR LARGEST EXPORTS ARE IN FINISHED MANUFACTURES

It is significant to know where we have our biggest excess of exports over imports. The largest single category is in finished manufactured goods. (See table 2.) It is mainly because our exports of finished manufactures are twice our imports that we have as large an overall export surplus as we do. In 1961 we exported \$10.9 billion of finished manufactures, accounting for over 55 percent of our total exports, whereas we imported \$5.1 billion which represented 35 percent of our total imports. This produced a \$5.8 billion trade surplus in finished manufactured goods.

"The sales of finished manufactures * * * continued to advance through the first quarter of 1962," according to the Commerce Department. The New York Times reported on Friday, July 6, concerning exports for the first 5 months of 1962: "Much of the gains in exports in recent months have been in finished products, machinery, aircraft and advanced technical equipment, with demand heaviest from the more industrialized countries. New export credit insurance provided under a Government program has also contributed to the general expansion of export business."

Thus it is clear that U.S. exports are doing well in our principal foreign markets. Moreover, it is our manufactured products that have shown the greatest competitive strength.

WE HAVE FAVORABLE TRADE BALANCES WITH THE INDUSTRIAL NATIONS OF THE WORLD

Our strength in exports is in finished manufactures and the destinations of by far the greater part of these goods are the industrialized areas of the world. (See table 4.)

In 1961 we sold \$11.7 billion worth of goods to the industrialized areas of the world, but we bought from them only \$8.4 billion. Our favorable balance with the industrialized areas was about \$3.3 billion, of which over 65 percent came as a direct result of our trade with Western Europe. This area is by far our largest single market, accounting for 30 percent of our total exports in 1961 and for 23 percent of our imports. Our exports in 1961 to Western Europe were 55 percent above our imports. Our exports to Japan were 65 percent more than our imports.

Although our trade in finished manufactures and with industrial areas is important it is by no means the full picture. For example, foreign markets are very important for American agriculture. In 1960 the crop of 1 out of every 6 acres harvested in the United States was sold abroad. The figures are impressive, for 60 percent of our rice, 45 percent of our wheat, 40 percent of our cotton, and 28 percent of our barley were all exported. Much of the product of our natural resources also bring in revenue from overseas. In recent years 30 percent of our resin and 12 to 30 percent of our turpentine were sold abroad, to take just two of many such commodities.

Thus although exports only account for about 4 percent of our gross national product, they are by no means an unimportant factor for certain sectors of our economy.

THE COMPARABILITY OF THE STATISTICS

It has been suggested recently by many that the export and import statistics of the United States, as compiled and published by the Department of Commerce, are not comparable. They claim that the figures overestimate the actual export surplus of the United States.

These claims arise from a basic misconception of the facts. U.S. imports and exports are valued f.o.b. (free on board) at foreign ports. What this means is that the value of our imports and exports are measured excluding the cost of transportation and insurance. Thus our statistics accurately measure the values of both U.S. exports and imports and represent only the cost of the merchandise.

The Assistant Secretary of Commerce, Mr. Jack N. Behrman, in trying to clear up this misunderstanding stated:

"The official statistics on U.S. exports and imports, as compiled and published by the Department's Bureau of the Census, are comparable and do measure our sales in foreign markets and the amounts of goods obtained from foreign supplies."¹ [Italic ours.]

As a postscript it is true that many foreign countries do measure their imports c.i.f. (cost of insurance and freight included in the valuation) and thus there is a legitimate question as to whether or not our import figures are directly comparable to theirs. This is because our import statistics being measured f.o.b. do not include shipping and insurance charges whereas countries using the c.i.f. valuation account for such additional costs in their published data. However, this has nothing to do with the question of the comparability of our own import and export statistics.

TABLE 1.—U.S. foreign trade, 1950-61

[Billions of dollars]

Year	Nonmilitary exports	General imports	Balance (excess of exports over imports)	Year	Nonmilitary exports	General imports	Balance (excess of exports over imports)
1950.....	10.0	8.9	1.1	1956.....	17.3	12.8	4.5
1951.....	14.0	11.0	3.0	1957.....	19.3	13.3	6.0
1952.....	13.2	10.3	2.9	1958.....	15.4	11.3	4.1
1953.....	12.3	10.9	1.4	1959.....	16.4	11.6	4.8
1954.....	12.9	10.3	2.6	1960.....	19.6	13.0	6.6
1955.....	14.3	11.5	2.8	1961.....	20.1	14.7	5.4

Source: Department of Commerce.

¹ Letter to Hon. Robert N. Giaino, dated Jan. 30, 1962.

TABLE 2.—U.S. exports by major classes and selected commodities, 1959-61

[Millions of dollars]

	1959	1960	1961
Total nonmilitary exports of domestic merchandise.....	16,211	19,351	19,818
Major classes:			
Footstuff.....	2,526	2,762	3,053
Crude material.....	1,912	2,588	2,546
Semimanufactures.....	2,477	3,534	3,287
Nonmilitary finished manufactures.....	9,306	10,524	10,931
Selected commodities:			
Cotton unmanufactured.....	452	988	884
Aircraft ¹	159	551	351
Machinery ¹	3,706	4,121	4,483
Automobiles, parts and accessories ¹	1,145	1,221	1,118
Iron and steel mill products.....	372	611	429
Nonferrous metals and ferroalloys.....	293	719	631
Metal manufactures.....	445	423	427
Textile manufactures ²	634	694	681
Chemicals ¹	1,479	1,667	1,709
Pulp, paper and products.....	337	419	453
Rubber and manufactures ¹	327	372	330
Coal and related products.....	388	362	350
Petroleum and products ¹	480	479	445

¹ Excludes "special category" items for which security restrictions prevent publication of detailed statistics.² Includes semimanufactures.

Source: U.S. Department of Commerce.

TABLE 3.—U.S. imports of major classes and selected commodities, 1959-61

[Millions of dollars]

	1959	1960	1961
Total imports for consumption.....	14,994	14,632	14,629
Major classes:			
Foodstuffs.....	3,423	3,288	3,318
Industrial materials.....	6,403	6,107	6,236
Finished manufactures.....	5,168	5,258	5,075
Selected commodities:			
Automobiles and parts.....	843	627	378
Machinery.....	656	711	789
Textile manufactures.....	557	631	865
Iron ore.....	312	322	250
Iron and steel mill products.....	378	605	422
Nonferrous metals and ferroalloys.....	1,311	1,323	1,241
Petroleum and products.....	1,335	1,543	1,616
Chemicals.....	347	353	690
Pulp, paper, and products.....	1,090	1,069	1,093
Sawmill products.....	337	310	314

Source: U.S. Department of Commerce.

TABLE 4.—Balance of U.S. trade with industrialized areas

[Millions of dollars]

All industrial areas combined:	
Exports.....	11, 674
Imports.....	8, 387
Balance.....	+3, 287
Western Europe:	
Exports.....	6, 292
Imports.....	4, 067
Balance.....	+2, 225
Canada:	
Exports.....	3, 643
Imports.....	3, 266
Balance.....	+377
Japan:	
Exports.....	1, 739
Imports.....	1, 054
Balance.....	+685

Source: U.S. Department of Commerce, Foreign Commerce Weekly.

[From the Wall Street Journal]

EXPANDING EXPORTS—U.S. FIRMS SAY BRISK OVERSEA ORDERS POINT TO NEW RECORD IN 1962—SPEEDIER DELIVERY EDGES OUT GERMAN COMPETITION; RISE MAY EASE OUTFLOW OF GOLD—OPTIMISM LESSENS FOR FUTURE

(A Wall Street Journal "News Roundup")

The volume of U.S. exports, which climbed to a record level last year, appears headed even higher for 1962.

This is the conclusion of a Wall Street Journal survey of more than two dozen domestic corporations with major export businesses. Nearly all these companies report their current oversea orders equal or exceed the year-ago level. In some cases the year-to-year gains are impressively large. In no case among the concerns surveyed has there been a significant decline in exports.

While the survey shows there is considerable optimism among exporters for 1962, it also reveals a good deal of uncertainty about the outlook for later years. The principal worries: The continuing disparity between U.S. and foreign wages and consequently between the costs of manufacturing; the rising industrial output of foreign, particularly European, nations, and, finally, the prospect of increasing tariff discrimination against U.S. goods by the member nations of the European Common Market.

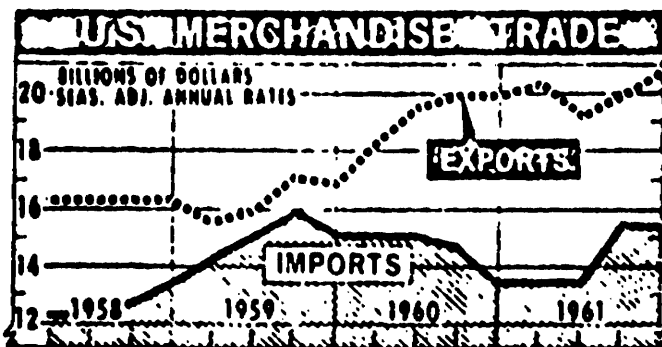
BOOST FOR ECONOMY

For the time being, however, the rising rate of exports could have some highly beneficial effects on the U.S. economy. Strong foreign demand for U.S.-made goods undoubtedly will contribute to easing the Nation's nagging unemployment problem; in January, unemployment fell below 6 percent of the labor force for the first time in 14 months. Moreover, a healthy flow of exports could help curb the continuing drain of U.S. gold. The gold outflow stems from the fact the United States buys, lends, and gives more abroad than it receives from foreigners. Nations to which this country is indebted sometimes elect to convert part of their credits into gold.

Among companies whose export sales are doing markedly well are National Acme Co., a Cleveland machine tool maker, and Union Carbide Corp., the big New York-based chemical concern. T. L. Strimble, president of National Acme, says, "Our export sales are holding steady at a pretty good rate." He notes exports make up 40 percent of the company's total volume. Agrees a Union

Carbide official: "Exports of chemicals continue at a high level and show no signs of any fall-off."

Lithium Corp. of America, whose exports last year were double what they were in 1960, expects a "further improvement this year," according to Harry D. Feltenstein, Jr., president. Among the company's items finding strong demand overseas is a line of chemicals used in the manufacture of synthetic vitamins.



If the upward trend continues, 1962 is almost certain to see a new record for U.S. export volume. Last year, sales of U.S. goods abroad reached \$20.1 billion, up 2.5 percent from 1960. Imports last year declined to \$14.5 billion, off 1.5 percent from 1960. For the fourth quarter of 1961, the seasonally adjusted annual rate of exports was \$20.9 billion and the rate of imports was \$15.5 billion.

Some U.S. exporters say they are winning orders in overseas markets because they can promise faster delivery than many foreign competitors. One U.S. company, for instance, sold a French firm two \$50,000 metal-cutting machines not long ago. A West German producer, using much cheaper labor, offered similar machines for \$23,000. But, because of low capacity and heavy backlogs, the German concern couldn't promise delivery for 30 months. "In that time the machines can nearly pay for themselves," says an official of the U.S. company. "We could guarantee delivery in less than 4 months."

HARNISCHFEGER BOOSTS EXPORTS

Other U.S. corporations find they are doing well abroad because they can provide goods not made elsewhere. Henry Harnischfeger, president of Harnischfeger Corp., reports his company's export sales in its fiscal quarter ended January 31 were up 15 percent from the year earlier period. In heavy demand currently, Mr. Harnischfeger says, is certain mining and construction equipment not available from foreign manufacturers.

Concern over the U.S. export situation several years from now centers partly on fears that the rising productive capacity abroad will reduce the advantage many U.S. manufacturers now enjoy in being able to deliver more promptly and to offer a wider assortment of goods. Other things being equal, so this reasoning goes, customers usually will choose foreign-made products because they almost always are cheaper, reflecting the lower foreign wage rates.

No important change in this wage disparity is in sight. True, wages are rising at a faster rate abroad than in the United States, but the actual difference is remaining about the same. For instance, the hourly wage rate, including fringe benefits, at the end of 1960 was \$2.81 for U.S. industrial workers and 80 cents for French workers. Since then the French average has climbed about 9 percent while the U.S. rate of increase has been only 2.8 percent. This puts the French hourly average at 87 cents and the U.S. average at \$2.87—or nearly the same dollar difference as before.

The tariff plans of the Common Market are an additional worry for many U.S. exporters. The Common Market countries—West Germany, France, Italy, the Netherlands, Belgium, and Luxembourg—are slashing tariffs among themselves and, at the same time, setting up a common tariff wall against non-

members. Several more European countries, including the United Kingdom, soon may join this bloc.

HOW TARIFF WOULD HURT

Here is how the tariff plans of the Common Market would affect those metal-cutting machines sold by the U.S. manufacturers to a French firm: At present there is an 11.7-percent French tariff on the U.S. machines and a 9.6-percent tariff on the German ones. By the end of 1966, there will be no tariff on the German machines, but as regulations now stand the U.S. machines would still face a tariff of about 6 percent. There also is a possibility that this schedule will be speeded up so that the elimination of tariffs within the Common Market will occur sooner.

To prevent U.S. goods from being shut out by this tariff wall, President Kennedy has asked Congress for broad powers to reduce U.S. tariffs. The idea is that the President would offer such reductions to the Common Market in exchange for tariff cuts on U.S. goods. Proponents of the Kennedy proposal argue that U.S. economic growth depends to a large extent on foreign trade. Opponents, on the other hand, contend the plan would bring a flood of foreign-made goods into this country and hurt employment. The proposal is now before the House Ways and Means Committee, with a vote expected by Congress later this year.

Not all American businessmen agree that long-range prospects for U.S. exports are unfavorable. As one optimist sees it, "We'll always be able to keep one model ahead" of foreign producers. Industrialists who hold this view note that traditionally U.S. companies spend far more on research and development than their European counterparts—and thus should be able to stay ahead of the Europeans in technology. Whatever the merits of this argument, it is true that U.S. industry spends a great deal more for research and development. For 1960, the outlay amounted to \$10.5 billion, compared with less than \$2 billion put into research and development by all of the Common Market nations.

[Fact sheet prepared by AFL-CIO Research Department, revised July 17, 1962]

HIGH U.S. WAGES HAVE NOT "PRICED UNITED STATES OUT OF WORLD MARKET"

I. The U.S. competitive record shows that the United States is very much in world markets.

(a) The 1960-61 export rise produced a substantially favorable balance of trade—as the United States sold more than \$5 billion worth of goods abroad than the United States bought from abroad. The United States has a sizable favorable trade balance. This trend of a sizable favorable balance is continuing in 1962.

(b) Finished manufactures accounted for much of U.S. export rise in those years, and such exported finished manufactures are often produced in high-wage U.S. industries.

(c) Finished manufactures account for U.S. favorable trade balance, since the United States exports more than \$5 billion more finished manufactures than the United States imports.

(d) The U.S. favorable trade balance is largely with the industrialized countries—to Western Europe, Japan, etc., where the U.S. sales are much greater than U.S. purchases.

(e) Major U.S. export industries include high-wage industries with average earnings higher than average hourly earnings in all U.S. manufacturing. Their export-related employment represented not only high proportions of their total employment but much of all U.S. export-related employment.

(f) Business, government, and academic sources are no longer willing to consider "pricing ourselves out of the world market" a realistic statement.

II. Competition between U.S. and foreign firms is based on many different factors, of which labor costs is only one, often relatively unimportant, item.

(a) Though U.S. wages are the highest in the world, U.S. firms often can compete in labor costs, because a wage rate is not the wage cost, and fringes and productivity factors also affect the unit labor cost.

(b) United States is competing even in many instances where labor costs are higher in the United States, because other costs, such as raw materials, power, etc., are lower in the United States and because labor costs are a relatively small share of total costs for many products.

(c) Costs are not necessarily the determinant of prices. Costs and prices do not necessarily show a close relationship either here or abroad.

III. International wage and price trends show the United States compares favorably with other industrial nations.

(a) Studies show that U.S. wage rises, however measured, compare favorably with those in other countries.

(b) U.S. price changes, either wholesale or retail, compare favorably with major industrial nations.

(c) Trends in wages and prices abroad will probably be upward, as they have been in most recent period, while United States has improved its positions.

IV. Concentration on other aspects of competition, besides wages and labor costs, should be the major effort of a democratic nation, intent on expanding its economy and improving its living standard. Salesmanship, design, and styling for specific markets are important. For the problems cause by low-wage imports, international action is needed. Cutting or curbing U.S. wages would hurt the base of the U.S. economy.

[Supporting memorandum]

I. U.S. COMPETITIVE RECORD

(a) The 1960-61 export upsurge widened U.S. favorable balance of trade to \$4.6 billion in 1960 and \$5.3 billion in 1961.

[Billions of dollars]

Year	Nonmilitary exports	Imports	Surplus of exports over imports
1959.....	16.4	15.6	0.8
1960.....	19.6	15.0	4.6
1961.....	20.1	14.7	5.3

(b) Finished manufactures exports were responsible for much of 1959-60 export rise, accounting for over \$1.2 billion of the over \$3.8 billion rise. They continued upward in 1961 and accounted for much of the improved trade balance.

(c) Finished manufactures exports caused favorable trade balance in 1960 and 1961, exceeding finished manufactures imports by about \$5.2 billion and \$5.8 billion, respectively.

[Billions of dollars]

	1960	1961
Exports of finished manufactures.....	10.5	10.9
Imports of finished manufactures.....	5.3	5.1
Total.....	5.2	5.8

(d) The favorable trade balance in 1960 was largely with industrialized countries, Western Europe, Canada, and Japan. This favorable balance continued in 1961. Various industrial areas showed the following favorable trade balance in 1960 and 1961. (In 1961 U.S. exports to Japan were 65 percent more than imports from Japan.)

[Billions of dollars]

	1960	1961
All industrial areas.....	2.9	3.3
Western Europe.....	2.1	2.2
Canada.....	.6	.4
Japan.....	.2	.7

(e) Major U.S. export industries included high-wage industries with average hourly earnings higher than U.S. average hourly earnings. U.S. average hourly earnings in June 1962 for all factory workers were \$2.39. Average hourly earnings for major export industries included \$2.96 primary metals, \$2.87 transportation equipment, \$2.71 machinery, and \$2.65 chemicals.

(f) Quotations from business, government, and academic sources say United States has not priced itself out of world market:

"There is no sign of the sort of clear break in trend that would suggest that the United States suddenly lost its competitive position, nor is there any overall indication of an erosion in the U.S. position."—William F. Butler, vice president of the Chase Manhattan Bank to National Knitted Outerwear Association, 1962.

"I would like to comment specifically on four conceptions, or misconceptions, being given wide circulation these days: One, American producers have priced themselves out of the world markets. * * *

"In commenting on the widespread belief that American firms have priced themselves out of the world markets, I want to sound the note first that, as with so many things, generalizations here are dangerous. In the first place, there is no single 'world market.' "

"In any event, on the basis of these figures it is clear that many U.S. producers in many different businesses were able in 1960 to sell their products throughout the world at competitive prices."—John T. Connor, president, Merck & Co., Inc., "Competition in the World Markets." Address delivered at the Eastern Union County Chamber of Commerce dinner, Elizabeth, N.J., April 11, 1961.

"The question is sometimes asked: 'Have we priced ourselves out of the international markets? This cannot be answered by a simple 'yes' or 'no' since the relationship between American costs and foreign costs varies greatly from one industry to another. Furthermore, in the dynamic world of today it is inevitable that such relationships will change, and in some types of product we will be gaining an advantage in cost, whereas in others we will be losing ground.'—National Association of Manufacturers, "Foreign Competition—a Challenge for America," p. 26.

"We tend to agree with the NAM's assessment. Though U.S. overall price levels may well be a critical factor inhibiting some sales—a subject discussed more fully in chapter 5—they do not now, in our judgment, represent the primary challenge to America's export potential."—"The United States and World Trade," final report to the Committee on Interstate and Foreign Commerce, U.S. Senate, March 1961, p. 36.

"Even allowing, however, for the likelihood that the current balance was helped by the increase in aid and private investment and for the possibility that 1960 will prove to be an abnormally favorable year, it remains true that the performance of the trade balance has been relatively satisfactory. This does not make the present deficit less worrying, but it does cast some doubt on the view which is sometimes expressed, that the United States has been 'pricing herself out of world markets.'—Essays in International Finance No. 35, D. MacDougall, November 1960. "The Dollar Problem: A Reappraisal," p. 13.

II. COMPETITION AND COSTS

(a) U.S. money wages are the world's highest:

Average hourly earnings in manufacturing in March 1961

United States.....	\$2.32
Canada.....	1.88
Sweden.....	1.00
United Kingdom.....	.93
Switzerland.....	.87
West Germany.....	.70
France.....	.45
Netherlands.....	.42

But U.S. firms compete in costs for two reasons:

1. Wage rates do not measure the wage cost or labor costs. A simple, hypothetical example explains why unit labor or wage costs, not money wage rates are the only possible means of comparing competitive costs:

Wage cost: If 10 U.S. workers at a \$2 hourly wage rate make 100 products per hour, the wage cost per product is 20 cents. If 20 foreign workers at \$1 hourly wage rate make 100 products per hour, the wage cost per product is 20 cents. Thus a foreign worker can make half the U.S. wage rates with the same wage cost.

Efficiency and skills of workers and management, the kind of machinery and other capital equipment available for production, therefore, are important. Any simple rate or payment for any part of production by itself is meaningless as a measure of our competitive position.

As the National Industrial Conference Board book, "Costs and Competition," explains, p. 44.

"The critical point turns not on how high the rates are but on how the gap between domestic and foreign wages is bridged by this country's higher productivity and relatively lower costs for the other components of production."

Unit labor costs usually include wage rates and fringe benefits related to the number of units produced and the number of people required to produce them in a given time period.

Fringes as a proportion of total hourly earnings were lower in the United States than in any other industrial nation in 1960, except the United Kingdom. But any measurement of fringe costs is difficult for the following reason:

"Problems of definition and accounting procedure make comparisons between nations difficult. Many benefits in the United Kingdom, for instance, are financed through general tax resources and thus do not appear as a firm's labor cost but as part of its overall tax burden.

"There are also sizable differences among nations in the composition of the fringe package. Family allowances represent a large share of fringe payments in France and Italy; pay for time not worked—vacations, holidays, and sick leave—is a large item in the United Kingdom, Canada, and the United States. In the latter two countries, pension and insurance programs constitute an important part of total fringe cost. Under 'Other benefits' in the chart are included medical programs, which are a significant item in the United States and Canada, and lodging provided by employers, a practice found in France and Italy." ("The New Competition," National Industrial Conference Board, pp. 16-17.)

(b) Other costs are usually more important labor costs in cost competition with the only exception being goods requiring extremely high number of workers to produce the goods.

Materials costs (according to NICB study, "Costs and Competition," of 101 firms producing here and abroad, p. 27) were uniformly the most important—the "most decisive factor in the comparative cost of manufacturing here and abroad." In Europe materials costs were about one-half total costs, and in the United States only slightly more than one-third (*ibid.*, pp. 19-27).

Plant labor costs (*ibid.*, p. 20) were "uniformly one of the least important cost categories."

"Other costs, such as for raw materials, fuel, power, and construction, may be higher than in the United States. It is overall unit cost that must be considered." (Chase-Manhattan Bank, "Report on Western Europe," June-July 1960.)

Forty percent of cases with higher U.S. labor costs showed lower U.S. total costs. Or, "impressively large scattering of cases where total domestic production costs are lower despite a relatively larger labor expenditure" (NICB, pp. 52-53).

Overhead and other costs in NICB study showed that higher overhead costs were usually associated with higher total costs.

Fuel and power costs were lower in the United States than anywhere except Canada.

Selling and distribution costs were higher in the United States.

Only 6 percent of U.S. firms went overseas primarily for labor cost advantages according to McGraw-Hill survey, "Overseas Operations of U.S. Companies, 1960-61."

Only 3 of 13 companies which decided to locate overseas for cost advantages listed labor cost as major reason, according to NICB survey (p. 174).

Most companies did not make decisions on cost basis primarily and of those that did, labor cost was usually not the major factor. Most companies located abroad because of trade restrictions and growth of foreign markets. The National Industrial Conference Board survey found the U.S. firms were competing successfully largely because of "the apparent inability of foreign countries to exploit fully the enormous advantages they enjoy in wage rates" (p. 55).

(c) Prices do not show a necessarily close relationship to costs either here or abroad.

(1) NICB did not even include questions on prices in its survey because it would have "complicated the questionnaire" and "run the risk of reducing participation." In other words, companies very often will not give price information or relationships to costs. (p. 4, note 2, "Costs and competition".) But the NICB recognizes that "it is obvious that price rather than cost is the more immediate focus of competition in the marketplace" (Ibid.).

(2) Arthur Homer, Bethlehem Steel official, testified before Kefauver subcommittee: A few years ago, Bethlehem Steel President Arthur Homer refused to give the Senate Subcommittee on Antitrust and Monopoly the cost data for his company. He declared, the subcommittee reported, "they were of no importance to the subcommittee because 'differences in costs as between various companies have very little, if any, effect on the prices at which products are sold.'"

III. INTERNATIONAL TRENDS

(a) Wages, wage costs, and fringes have been rising more rapidly in other industrial nations.

(1) U.S. unit wage costs rose less rapidly than those in most industrial nations between 1953 and 1960 (NICB, "The New Competition." P. 23).

	Percent		Percent
United Kingdom-----	+30	United States--	+5
West Germany-----	+16	Japan-----	-14
Canada-----	+8	Italy-----	-20
France-----	+5		

(2) Hourly earnings and fringes have been rising more rapidly in other industrial countries than in the United States. The 1953-60 increase was:

	Percent		Percent
France-----	77	Japan-----	51
West Germany-----	75	Italy-----	50
Netherlands-----	65	Canada-----	39
United Kingdom-----	58	United States-----	34

(3) NICB "Costs and Competition," pages 158-161, shows that NICB 1960 survey of precisely the same sample of U.S. firms producing here and abroad showed a similar change in foreign and U.S. labor costs, and that the United States had widened the materials cost advantage. Thus, for this particular sample, "the competitive position of the United States is being sustained."

(b) U.S. wholesale and retail price indexes, when compared with those of other nations, compare not unfavorably, and in the early part of 1961, the trend was in U.S. favor, as many foreign indexes moved upward and United States downward or level. This trend has continued until the present.

International price movements

	Retail 1960— December 1953 equals 100	Wholesale 1960— 1953 equals 100	Wholesale 1961— 1953 equals 100
France-----	137	91	91 (June).
United Kingdom-----	123	113	116 (June).
Netherlands-----	120	104	102 (May).
Italy-----	120	99	99 (June).
Japan-----	116	101	105 (July).
Germany-----	115	107	113 (June).
Canada-----	112	106	101 (July).
United States-----	111	109	108 (July).

Source: "International Financial Statistics," September 1961.

The Economist, May 5, 1962, reports: "Between March 1961 and March 1962 retail prices rose by 5 percent in France, by 4.6 percent in Britain, by 3.8 percent in Germany, and 3.3 percent in both Italy and Holland" (p. 473). In the United States from March 1961 to March 1962, the cost of living index rose from 103.9 to 105--about 1 percent. The Wall Street Journal, July 7, 1962, reports that, "Living costs have increased less in the United States than in any other major industrial nation of the free world." In the United States, "more so than in most lands, swelling productive capacity and lightning-fast equipment" help keep prices lower.

There is no export price index of any value at all, because there is no index available which measures export price changes, as such.

"There are areas of great economic importance in which, at present price statistics, programs are either wholly absent or so incomplete as to call for a major reorganization and expansion of work * * * (1) Export and import price indexes" Stigler committee, (p. 28).

"Price indexes as such are not currently being prepared either for exports or imports" (ibid, p. 79).

(c) Wage differentials between the United States and Western European competitor nations have been narrowing in the 1950's and are expected to continue to narrow in the 1960's, according to many economists. As an example of recent changes and prospects for the future, Mr. Per Jacobsson, Chairman of the Board of the International Monetary Fund, said, on "Meet the Press," July 8, 1962, that "wages in Europe have risen much more quickly recently than here in the United States. The increase in Germany has been for 2 years at the rate of 10 percent a year" or 20 percent. In addition, "Germany has revalued currency 5 percent."

IV. OTHER NONLABOR ASPECTS OF COMPETITION

(a) Salesmanship: Many business spokesmen (Luther Hodges, Secretary of Commerce, as well as many businessmen) have emphasized the need for American business to try to sell abroad more energetically than has been the case in recent years. Secretary Hodges told the Advertising Council last year that only 4 percent of U.S. manufacturing firms were selling abroad.

Elliot Haynes, of Business International, told a Senate hearing last year: "Instead of merely sending the goods down to the shore here in New York, or what have you, and kissing them goodbye," it might be better for U.S. exporters to "provide much more dynamism in the selling effort abroad." The administration has made efforts in this direction.

(b) Design and styling: Much criticism in the United States by businessmen of U.S. business practices shows that innovation of U.S. industry, however great, has sometimes not been directed toward creating a better or more competitive product, but a new or different product. George Romney, president of American Motors, in 1960 told the American Society of Industrial Designers:

"The attempt annually to create products that are merely camouflaged to seem better is a colossal misdirection of effort from useful innovation. * * * Too much of the touted technological and persuasive skill in this country today is devoted simply to producing and selling something different, without sufficient regard for the inherent usefulness and worth of what we are selling."

(c) U.S. industry has proved competitive ability by changing styling and methods of production: Auto industry, faced with foreign car imports, introduced compact cars. In 1959, the value of imported automobiles was 895 percent higher than in 1955, but between 1959 and 1960, U.S. imports of automobiles and parts from Western Europe fell from \$823.5 to \$611.8 million. In 1961, auto deliveries from Western Europe fell 40 percent, reflecting the sizable shift in U.S. demand to domestic compacts and the reduction of foreign car stocks in the hands of U.S. dealers (Foreign Commerce Weekly, Apr. 30, 1962).

Automobiles and parts imports, 1959-61 (in millions): 1959, \$843.5; 1960, \$627.4; 1961, \$378.4.

New car imports fell about 58 percent since 1959 and about 40 percent last year.

¹Source: "The Price Statistics of the Federal Government," "Government Price Statistics," pt. I, hearings before the Subcommittee on Economic Statistics of the Joint Economic Committee, Congress of the United States, Jan. 24, 1961, report of the Price Statistics Review Committee, organized by the National Bureau of Economic Research, chairman, George J. Stigler.

New automobiles (except trucks) imports, 1959-61 (in millions): 1959, \$734.5; 1960, \$513.8; 1961, \$306.6.

During this period automobile factory production and maintenance workers average hourly earnings from 1959 to 1961 rose from \$2.71 to \$2.87.

(d) Low-wage competition from abroad, which exists in some specific instances, such as soft-goods industries, requires international, multilateral action to (1) make it possible for goods from developing nations to enter world markets and (2) prevent undue disruption in markets of developed nations. Cutting U.S. wages would only hurt the United States by cutting the expansion of mass purchasing power, the basis of U.S. greater economic activity, and democratically rising living standards. (See Fact Sheet on International Fair Labor Standards.)

[Fact sheet prepared by AFL-CIO Research Department, Mar. 15, 1962]

FOREIGN TRADE EMPLOYMENT

All exports make U.S. jobs. Export-related jobs totaled at least 3.1 million in 1960, according to a recent U.S. Department of Labor report.

This total includes 2,140,000 nongovernment, nonfarm jobs, or 5 percent of all such employment; 940,000 farm jobs, or 13 percent of all farm employment.

The same study shows that large percentages of employment in major U.S. industry are export dependent: 12.7 percent in mining, 7.7 percent in manufacturing (including 12.8 percent in tobacco manufactures, 14.4 percent in chemicals and allied products, 14.4 percent in primary metals industries, 15.5 percent in nonelectrical machinery, and 10.2 percent of employment in professional, scientific, and controlling instruments). Also 13.2 percent of U.S. farm employment is export related.

High-export industries are also high-wage industries. Average hourly earnings in such manufacturing industries are predominantly higher than U.S. average in all manufacturing.

All imports make U.S. jobs. Processing, transporting, and distributing imports creates employment. The Labor Department's estimate of the total jobs is 0.9-1 million.

Total trade-created jobs, the Labor Department estimates, number some 4 million.

Some imports cost U.S. jobs. Despite job creation from import handling and processing, certain imports have caused joblessness. How much is hard to gage. Based on careful studies of impact, the number is probably less than 400,000. No one denies the importance of helping those hurt by trade. But such help should not be allowed to endanger the 10 times as many trade-created jobs.

All U.S. employment is trade related in the broadest sense. The operation and expansion of U.S. industry require both imports and exports. Since no steel can be made without certain imports, no automobiles without certain imports, and since money gained from exports creates more jobs, the job balance understates the extent of trade-related employment.

Job losses in import-affected industries are not necessarily import caused. Facts cannot be found to prove that because imports go up a amount, employment will go down at all or by any given amount. Several import-affected industries have shown employment gains during the last several years, despite sharp rises in imports. Increased technological improvement has caused more job losses than imports in many cases.

The jobs to be gained far outweigh possible losses; failure to increase trade can have disastrous economic impact here at home.

[Supporting memorandum]

All exports make U.S. jobs. Nonfarm and farm employment needed to produce goods and components of goods for export account for at least 3.1 million jobs according to a 1960 Labor Department estimate. Foreign sales of U.S. exporting firms mean profits or losses for business which, in turn, can mean employment or unemployment of many U.S. workers.

The 3.1 million jobs described in Labor Department's study of domestic employment attributable to U.S. exports, 1960, included 2,140,000 nonfarm wage and salary workers (excluding government) and 940,000 farmworkers (including farm operators and unpaid family workers). About 6 percent of all U.S.

jobs on farms and in private (nongovernment) nonfarm jobs (wage and salary occupations) were export related and 5 percent of all private nonfarm jobs were export related; 13 percent of all farm jobs were export related.

This included 1.5 million employed directly to make, manufacture, and transport the exported product, and 1.6 million employed indirectly; that is, to produce, transport, and sell the raw materials, parts, and components in the exported product. A significant percentage of employment in U.S. farms, mines, and factories were export related—13.2 percent of farm, 12.7 percent of mining employment, and 7.7 percent of U.S. manufacturing employment:

	Percent
Chemical and allied products.....	14.4
Primary metals.....	14.4
Machinery (excluding electrical).....	15.5
Professional, scientific, and controlling instruments.....	10.2
Tobacco manufactures.....	12.8
Rubber and miscellaneous plastic products.....	7.3
Petroleum refining and related industries.....	7.0
Paper and allied products.....	6.7
Lumber and wood products, excluding furniture.....	6.1
Textile mill products.....	5.0
Stone, clay, and glass products.....	4.8
Fabricated metal products.....	6.4
Electrical machinery equipment and supplies.....	7.0
Transportation equipment.....	7.8

Wages in some of these industries are higher than average U.S. manufacturing wages. For example, the following industries had high export-related employment and higher average wages than the \$2.29 average hourly wage in U.S. manufacturing in 1960.

	Export-related employment in 1960 as percent of industry employment	Average hourly earnings, 1960
Primary metals.....	14.4	\$2.83
Transportation equipment.....	7.8	2.76
Machinery, except electrical.....	15.5	2.57
Chemicals.....	14.4	2.51
Electrical machinery.....	7.0	2.30

NOTE.—Export-related employment in these 5 industries comprised almost $\frac{1}{4}$ of total U.S. export-related employment.

All imports make U.S. jobs: (1) Noncompetitive: Most U.S. imports—60-70 percent—do not compete with U.S. production, but provide necessary raw materials, foodstuffs, semimanufactured and manufactured goods—necessary either because the United States does not have such goods or because it lacks large enough quantities of them to meet the economy's needs. These imports, therefore, create U.S. jobs. (2) Competitive: Even competitive imports are handled, shipped, sold and often packaged, etc., in the United States and thus create employment.

In 1960, the Labor Department estimates, 900,000 to 1 million U.S. jobs were created by transportation, distribution, and processing of imports.

The total of 4 million trade-created jobs is thus a conservative figure. It does not discount or deny the fact that competitive imports cost jobs of some U.S. workers. In 1960, the Labor Department estimates, if all competitive imports had been made by U.S. workers, and if this had no effect on demand, domestic or foreign, 800,000-900,000 jobs would have been involved. This, of course, does not represent lost jobs, because the United States could not cut off all such imports and maintain trade relations. Furthermore, most of the goods purchased would not have been produced here.

Moreover, if we reduced our imports, exports would also fall off; neither foreign nor domestic demand would remain the same. Thus, the Labor Department figure is a theoretical estimate based on admittedly unrealistic assumptions. Careful economic surveys by Salant and Vaccara, "Import Liberalization

and Employment, Brookings Institution, 1961, estimate a net loss of 86,000 jobs per \$1 billion rise in imports. Imports have risen \$4½ billion since 1954. Using the figure of 86,000 jobs per billion rise perhaps 387,000-400,000 jobs have been erased. Thus, easily 10 times more jobs are created than are destroyed by trade.

All U.S. employment is trade related in the broadest sense. While trade accounts for only about 7 percent of this \$521 billion economy's total GNP, no steel and no autos are made without imports. Manganese, tin, and industrial diamonds are major imports.

Not only is most U.S. industry trade dependent because imports are essential, but U.S. sales here and abroad create more economic activity, mean the use of more imports to make such goods and more jobs.

Job losses in import affected industries are not necessarily import caused.

Job gains have occurred in many import affected industries.

(1) Of 25 import affected industries, not one showed a drop in domestic output between 1954 and 1959, although imports more than doubled in this period. The over all value of domestic shipments rose over \$5 billion, about 10 times the value rise in imports—up about \$550 million during this period.

Domestic shipments rose 41 percent, but employment rose only 2 percent, showing that productivity was a major factor in the employment picture. This 2-percent rise, in fact, for such industries from 1954-59 was higher than the overall 1-percent rise in all U.S. manufacturing employment during the same period. This was a period of rising efficiency and technology, which cost many U.S. jobs.

(2) Employment declined in 10 to 25 of these import affected industries, but employment rises occurred in many others, such as pottery, products, typewriters, rubber footwear, abrasive products, veneer and plywood, pressed and molded pulp goods, glass and glass products.

In 10 import affected industries the variation in import increases, domestic shipments rises, and employment changes disproves the cause-and-effect relationship between import rises and employment drops. For example, in veneer and plywood, imports rose 181 percent between 1954 and 1959, domestic shipments went up 76 percent, and employment rose 29 percent.

In sewing machines, where imports rose 83 percent, domestic shipments went up 17 percent but employment dropped 21 percent. In glass and glass products despite an over 200-percent rise in imports, a 44-percent rise in domestic shipments still produced a 10-percent rise in employment. Rubber footwear imports rose 9,272 percent, domestic shipments rose 42 percent; but employment rose 20 percent.

None of these figures show that competitive imports cannot cause job losses. Instead they show (1) no simple cause-and-effect relationship between import rises and employment changes exist, (2) productivity and other factors are of more importance to employment changes than import rises. Jobs to be gained from exports far outweigh jobs lost from imports.

Trade patterns are constantly changing here and abroad. None of these data by any means should be construed to mean that job losses in the United States are unimportant or that some imports have not contributed to U.S. job losses. What is at stake, however, is that job gains from potential exports are vital and must not be lost. Job losses from imports, where they have occurred, have not taken place on the overall, cause-and-effect basis, so often claimed by those who seek to restrict trade. Treatment for such import lost jobs, therefore, should be specific and confined to the relatively small number of jobs so affected.

[Fact sheet, prepared by AFL-CIO Research Department, Mar. 5, 1962]

INTERNATIONAL FAIR LABOR STANDARDS

I. President Kennedy's message on trade recognizes international fair labor standards concept helping to narrow wage gaps which cannot be justified by productivity differentials or other relevant factors—"encouraged by appropriate consultations on an international basis."

(a) This shows understanding that international efforts can help solve dual problems (1) expanding trade among both developing and developed nations, (2) insuring that unfair labor standards will not be the basis of trade competition.

- (b) Such understanding reflects concept developing in U.S. modern trade policy. Despite overall U.S. trade advantage from higher productivity and competitive skill, for the specific incidents where unfair labor standards are, in fact, basis of competition, some mechanism must provide international cooperation to alleviate the problem.

II. The theory and standard of international fairness must remain general, the practice and mechanism must be quite specific, based on factfinding.

- (a) Fairness is not equality; i.e., we cannot set up precise, general international standards saying wages in Brazil, labor standards in Brazil, must equal U.S. wages and standards, because the countries' economies and industries are so different.
- (b) Fairness, however, must apply to both importing and exporting nation; i.e., standards in, say Brazil, must reflect productivity and economic growth, and thereby improve living standards in Brazil, and U.S. imports from Brazil must not disrupt U.S. market, but may have to be based on international agreements, so Brazil can have markets and the United States will not be undercut.
- (c) Unit labor cost, not wage rate, can be prima facie evidence of unfair competition, but other conditions in exporting industry and exporting country must be considered specifically, as well as generally.

III. Fair labor standards should be part of U.S. national trade policy. The new legislation, therefore, should include—

- (a) A statement that achievement of fair labor standards in international trade is a major objective of U.S. trade policy.
- (b) A direction that U.S. tariff negotiators should make improving labor standards a key consideration in agreement to tariff concessions.
- (c) A direction that U.S. participants in negotiations under the General Agreements on Tariffs and Trade make improving labor standards a key consideration through whatever mechanisms can prove effective.

IV. International fair labor standards is one of many necessary devices to improve worldwide trade, while solving problems resulting from trade.

[Supporting memorandum]

I

"Given this strength, accompanied by increasing productivity and wages in the rest of the world, there is less need to be concerned over the level of wages in the low-wage countries. These levels, moreover, are already on the rise, and, we would hope, will continue to narrow the current wage gap, encouraged by appropriate consultations on an international basis."—President Kennedy, message on trade, January 25, 1962.

A. This statement reflects the need for international efforts to make it possible for all nations to have access to world markets by improving labor standards in all countries.

- (1) By expanding trade among both developing and developed nations:

(a) Western industrial nations face some problems caused by a few specific large-scale imports from low price, low-wage areas, but also need to continue trade and expand markets in those areas for sales of goods made in industrial countries.

(b) Less-industrial nations need access to markets in the industrial countries to boost their own chances to have economic growth through diversification. Otherwise, they are condemned to economic stagnation, because (1) they must earn foreign exchange to buy their own needs and (2) their own markets are not large enough to absorb rising production and cannot grow unless production continues to rise.

(c) These two contrasting sides of the international trade problem call for a practical mechanism, in addition to other trade policies and actions, that provides many-nation consultation on many-sided problems.

B. By insuring that unfair labor standards will not be the basis for trade competition.

- (a) No nation has the right to base its competition on exploitation of labor.

(b) Western developed nations will have mounting pressures to restrict, instead of expand trade until some means of solving the problems caused by some specific low-wage imports is developed.

(c) An international fair labor standards mechanism could both improve living standards in all countries and prevent flooding markets in developed

countries with sweatshop produced goods from developing countries. While this may not happen often, it should not happen at all.

C. U.S. trade policy has long recognized that simple, one-sided solutions fail, and America's competitive advantage has become very strong since the time when the policy was changed. Efforts to make fair labor standards internationally useful have continued for 15 years.

(1) In 1934, the United States changed to reciprocal trade, instead of traditional one-sided, high-tariff walls, justified previously as necessary to protect U.S. workers from unfair low-wage competition. Such "protection" resulted in tariff hikes before 1934, retaliation abroad, and deepened world depression at home and abroad. Competitive advantage since then has grown until now when it is very strong. (See Fact Sheet on High U.S. Wages Have Not Priced the United States Out of World Markets.)

(2) In 1947, the U.S. labor movement proposed fair labor standards clause as part of International Trade Organization Charter, but the organization failed to come into being.

(3) In 1953, the U.S. Government raised the issue in an informal proposal to include such a clause in the General Agreements on Tariffs and Trade.

(4) Recently, labor standards' influence has been recognized in connection with multinational considerations of the problem of market disruption (i.e., sudden flooding of one nation's markets by large-scale, low-wage imports from another country).

(5) 1960 Republican and Democratic platforms supported this concept:

Republican: "We should also encourage the development of fair labor standards in exporting countries in the interest of fair competition in international trade."

Democratic: "The new Democratic administration will seek international agreements to assure fair competition and fair standards to protect our own workers and to improve the lot of workers elsewhere."

II

The theory and standard of international fair labor standards must be general, the practice and mechanism must be quite specific, based on factfinding.

A. Fair labor standards are not equal labor standards, because different countries, have different economies, different stages of economic growth, different productivity changes, and, in short, different personalities.

For example, the economy of Brazil is obviously different from the U.S. economy. Therefore, it can be expected not to have different labor standards—both for the country as a whole and within particular industries. Until Brazil becomes a developed instead of a developing country, extreme dissimilarities may occur. But even now a Brazil's business, despite these differences, may be exploiting Brazil's workers, even by Brazil's standards—either for that industry or for the whole Brazilian economy. Such exploitation must not be the basis of international competition. It would be impossible to find a precise formula to decide what is exploitation in Brazil, but it is possible to set up a mechanism to find out in specific instances whether a Brazilian employer, for example, is actually exploiting workers, refusing to share increasing productivity and then sending the goods, produced by exploited workers, into world markets. Such a mechanism could examine (1) individual cases of this kind, and (2) general aspects of the sharing of workers in a country's overall economic growth and productivity increases. Action after the mechanism had determined whether the conditions were fair or unfair could (1) force the exporting industry or country to improve the standards of those workers, and (2) improve the overall living standards of that country. Continued improvement among various nations can gradually narrow the gap between the standards and wages of developing and developed countries. The standard would, in theory, be general, but in practice, quite specific for a specific problem.

B. While standards, say, in Chile, must reflect productivity and economy growth, Chilean goods need to go into world markets. Yet developed nations also have a need to make sure that differences among nations do not undercut the standards of their own workers. In the few cases where goods from low-wage, low-standard countries are flooding or disrupting a given industry's market in a developed country, some mechanism must be found to make sure that even if the standard is fair for the exporting country, the imports of goods made under those standards will not be unfair to the importing country. Probably the most effective way to take care of this problem, too, is by international consulta-

tion and agreement, so that no one nation's markets will be disrupted by flooding of low-wage goods, while developing nation's sales can be spread among many developed nations.

C. The unit labor cost, not the wage rate can be prima facie evidence of unfair competition, but other conditions in the exporting industry and exporting country must be considered both specifically and generally.

(1) Wage rates are not a reasonable measure of fair standards, because they do not accurately reflect productivity. High U.S. wages traditionally have not interfered with U.S. competitive prowess because of higher U.S. productivity and other advantages. (See fact sheet on high U.S. wages have not priced United States out of the world market.)

(2) Where there are substantial differences in unit labor costs, there may be basic evidence of unfair labor standards.

(a) Other factors, such as raw material, transportation and power costs, however, may offset the advantage, and prevent wage increases. Test may come in profit advantage of the employer.

(b) Comparisons may be necessary with standards of other firms in the same industry of the country, of other industries, and the economy as a whole, because considerations of even a highly efficient, high-profit industry cannot be completely divorced from consideration of overall economic development of the country.

(c) Generally, wages of workers in exporting industries with both high efficiency and high profits should be raised when such industries' unit labor costs are substantially lower than those of foreign competitors.

3. The test, therefore, must remain general, but the examination and the action must apply to the specific cases within a specific industry in relation to that industry and that country.

III

Fair labor standards should be part of U.S. national trade policy. This can be accomplished by inclusion in the new trade legislation of:

A. A general statement that achievement of fair labor standards in international trade is a major objective of U.S. trade policy. Language including this principle should be included in the bill.

B. U.S. tariff negotiators should make improving labor standards a key consideration in agreement to tariff concessions. For example, in negotiating the United States could grant tariff concessions on products of an exporting industry from another country on condition that labor standards would have to improve by a certain amount over a specific number of years or the concession would be withdrawn.

C. U.S. participants in the General Agreements on Tariffs and Trade meetings should have authorization to consider furthering proposals that would provide mechanisms for international fair labor standards through international consultations in international bodies, such as the GATT and ILO. For example, there are two proposals for working out the international fair labor standards through GATT.

(1) Annual review procedure: GATT would require an annual report to be filed by each member nation. The report would state what that nation had done in the previous year to better wages and working conditions in industries where tariff concessions had been granted. All interested parties could review this report and discuss its implications, get and give recommendations.

(2) Complaint procedure: This would make available GATT complaint machinery to industry and labor in member nations, although the action would be taken through their governments. If a union and/or firm in one country thought unfair competition was based on unfair labor standards, the complaint mechanism would permit that government to bring a complaint to the GATT. Direct confrontation of the government's representatives with the government representatives of the nation whose standards were alleged to cause unfair competition would occur in front of many nations, rather than merely the two nations concerned. Agreements or recommendations could be reached that might involve (a) voluntary quotas (imposed by exporting country) or an export tax or some other short-run action; (b) decisions to improve wage levels and working conditions in the exporting country; or (c) both of these plus other short- and long-run solutions. If such agreements could not be reached, then the complaining party might bring the question before the next regular GATT session and GATT might recommend appropriate action.

IV

International fair labor standards is one of many necessary devices to improve worldwide trade, while solving problems resulting from trade. Its present form is quite fluid, subject to the need for practical attempts to put it into operation on a worldwide scale. It is suggested as a goal necessary to help accomplish the aims this Nation seeks; improvement of wages and working conditions plus the improvement of living standards in those nations whose goods are produced under different standards from our own. Otherwise, even relatively few incidents of disruption from them might enhance the strength of restrictive pressures against expanding trade at a time when trade expansion is essential to the national interest and the needs of our friends around the world.

SUPPORTING MEMORANDUM OF AMERICAN FEDERATION OF LABOR AND CONGRESS
OF INDUSTRIAL ORGANIZATIONS ON THE TRADE EXPANSION ACT OF 1962

The AFL-CIO supports trade legislation designed to further the national interest at home and abroad. Ever since the reciprocal trade agreement program began in 1934, the labor movement of the United States has supported the objective of widening the access of U.S. industry and agriculture to the markets of the world through the gradual, reciprocal reduction of trade barriers. That essential objective has not changed and should enlist the support of everyone interested in the national well-being.

With the passage of time, however, the facts of modern life in a swiftly changing, even more complex world demand a new program designed for the 1960's. A modern program cannot ignore, but must build on the experience of the past. But a modern program must recognize the changes of over a quarter of a century, the rise of new trading and economic powers, the shift of the political relationship of much of the world. The need for flexibility and change for the present and the future, with recognition for the knowledge gained in the past, is apparent. The bill before this committee recognizes and represents the best interests of the Nation by recognizing the value of past experience in a present context in preparation for future problems.

What is decided about trade programs this year cannot be divorced from the national and international economic and political realities of the 1960's. Trade does not move in just one direction, widening the access of American producers to overseas markets. Trading patterns in the sixties contain complex economic arteries and represent the lifeblood of many nations' economies. As such they involve interacting political and economic relationship to such a degree that every trade decision has a national and international effect, sometimes direct and sometimes indirect. The problem of complexity and delicate balance has grown as the United States of America has grown to be the world's leading trader, and the free world leader in the year 1962.

The national interest at home and abroad therefore requires trade expansion through methods appropriate for this changing world. Since 1934 the United States has expanded its volume of exports from \$2.2 billion to \$20 billion worth of goods in 1961. During the first 5 months of 1962, exports were running at a rate of \$20.9 billion, 5 percent ahead of the same period in 1961. These goods were produced on American farms and in American factories. They represent roughly 4 percent of U.S. total output of goods and services, income to American businessmen, farmers, and workers, and some 4 million export-related jobs. As the sixties continue, the United States must continue to expand its exports, to maintain its status as the world's largest trader, and as the economy grows, to continue to find markets for U.S. goods abroad.

Imports are also necessary to the United States because the size of our economic machine is such that this country does not provide at all or cannot provide in great enough quantity goods that are necessary for our productive processes, and our daily diet. At least 60 percent of all imports in no way compete with American production. That means that of the roughly \$15 billion worth of merchandise imported into the United States at most \$6 billion can even be considered competitive with U.S. produced goods. The American jet, American industrial production, and everyday items of what we call the American way of life—the banana split, the newspaper, the coffee break, and the American automobile—may depend upon imported products. Processing, handling and

other aspects of these imports create almost 1 million jobs according to the Department of Labor.

Imports are also essential because we must buy in order to sell. This obvious fact, however hard to face, must never be overlooked and cannot be reiterated too often. If the United States stops buying products of other nations, the effect is serious. The common explanation that "trade is a two-way street" even fails to show the complexity of the relationships. Trade is the roadmap of the world and the lifeline that supports and connects the most complicated and delicately balanced network of avenues and bridges ever contrived by man. Not only will our failure to buy at one end of the street mean that another country will be unable to sell to us; many of these countries depend on import and export sales to a greater degree than the United States; a reaction on one product here can cause a network of reactions among other nations abroad.

While our export-import trade comprises 7 to 8 percent of our total volume of goods and services, some of America's free world friends depend on trade for much larger percentages of their economy's lives. The industrial countries of the world, such as Great Britain, the Netherlands, Italy, and West Germany, all have a greater portion of their economic life dependent on trade than we do. Japan as a nation must literally trade or die. For the less developed countries, access to world markets and sales to the industrial countries may mean the difference between progress or stagnation, sometimes between evolution and revolution. There is no reason to assume that the United States of America can afford to have its economy lose 7 to 8 percent of its operation by cutting off trade. How much less reason is there to assume that any of the free world friends of this Nation can afford to lose something that may affect a much greater percentage of its national economic well-being. The political and economic strength of free world nations will represent the political and economic strength of the free world.

Given these well-known relationships, the most important fact of modern economic life is still the fact of change. Not only must the United States export and import for national well-being, the need to export and import must fit within the changing context of a world situation. It cannot be stressed too strongly that times are moving almost more rapidly than our ability to keep up. The emergence of the Common Market in Europe, already beating its own deadlines for tariff reductions within its new united states of Europe, presents new and constantly changing problems. As Britain and other European nations gain entry to the Common Market, the European Economic Community, new trading patterns emerge, and the need for flexibility for the United States of America—flexibility of approach to bargaining in new situations, with constantly changing patterns, becomes an urgent, almost insistent necessity for the United States of America.

Relations with the newly developing nations are also changing, as their formation of economic blocs and trade alliances gain.

But with these new challenges come new opportunities. If the Common Market achieves its goal, it will emerge as one of the world's greatest mass markets. It may include as many as 300 million people. Exports from the United States to Western Europe already amounted to over \$6 billion in 1961.

We bought about \$4 billion worth of goods from them. Thus the balance of trade was over \$2 billion in favor of the United States last year with this potential market area, which can grow and absorb more U.S. products in the future, if the United States can negotiate effectively with it. Further U.S. dealings with the Common Market will be based upon hard negotiation and bargaining, and these negotiations must be aided by the legislation which enables the United States to gradually reduce, through a "staging" process, the tariffs on a variety of goods if, and only if, reciprocity is achieved at the bargaining table. That means that the President has the authority to negotiate tariff reductions with flexibility based on the knowledge now that the United States is bargaining with a newly emerging united states of Europe, whose political and economic future has great significance for the economic and political future of the United States of America.

The legislation before the committee does not restrict its considerations to this market, but makes suggestions appropriate to the emergence of this changing new trade challenge—suggestions that enable the United States to negotiate with flexibility and strength, not only with the Common Market but also with other nations and countries.

The future ability of the United States to remain the world's outstanding giant trader, therefore, has complex relationships and complex problems that require the kinds of changes presented in the legislation before this committee.

At present, the United States is also the world's banker. The U.S. dollar is the reserve currency of the various nations of the world. A dollar in world trade is "as good as gold" and the U.S. Government evidently intends to keep it so. As long as the dollar is backed by the U.S. Government's agreement to pay other nations' dollar claims in gold on request, the U.S. balance of payments problems require that the trade surplus remain as favorable as possible. While the trade surplus, of course, is only one of the many factors in the international accounting sheet known as the balance of payments, it is an important one. The administration's efforts to use other methods of reducing the balance, we are glad to hear, are expected to eliminate America's basic deficit by next year. Under Secretary of the Treasury Roosa told the House Banking and Currency Committee on July 10. Because other methods of reducing payments problems prove successful, however, there is no reason to assume that America can afford a lag or a decline in its trade surplus. We must hold our own as a world trader and, in fact, expand the trade surplus as much as possible.

"Trade expansion" as the legislation is called, is therefore a paramount need for the United States of America to insure its strength at home and abroad through growing exports and imports and through negotiation and political progress based on economic strength in the free world.

In a sense, none of the above is in question before the Congress of the United States or among any gathering of Americans. All of us want precisely the same goal, a stronger America both here and abroad. The issue before the committee, as it pertains to the labor movement, does not therefore amount to a question of our genuine interest in promoting trade expansion for the national welfare. That is a matter of record, a record of which American workers can be justly proud.

The AFL-CIO believes that the national welfare cannot be served unless the legislation adopted to expand trade takes into account the facts of change, the effects of change, and the need to insure the strength of the economy at home. In short, the national welfare will not be served by an effort merely to suppress trade or ignore those hurt by trade. The Nation will also suffer from efforts to depress the American economy for the sake of an international balance-of-payments accounting or a trade surplus on the books. A trade surplus must be based on domestic strength, not domestic weakness. Any economist can tell you that imports go down in recession and exports may rise if the recession is confined to the United States while booms are underway abroad. That produces a trade surplus, true, but it does not produce well-being at home. The ability to expand markets at home is as important as the ability to expand markets abroad. In fact, if the United States fails in the former, it will not have enduring success in the latter.

We do not consider American labor's interest in expanding employment and higher wages, therefore, a narrow interest, but national interest. A trade program that does not envision continuation of both economic health at home and abroad will be a trade program not in the best interest of the United States or the workers of the United States. (See fact sheets on "High U.S. Wages Have Not Priced U.S. Out of World Markets" and "Foreign Trade Employment.")

REALISM FOR THE SIXTIES

The primary fact of the sixties is change. Realism demands that U.S. trade policy recognize the uncertainty of change and make some preparations for its effects. Past efforts to prepare for possible effects of trade policy after the fact have been clearcut—ignore the injury as far as adjustment is concerned. To the extent that the escape clause is an appropriate postnegotiation safeguard, it is retained and strengthened by H.R. 11970. Safeguards against injury are in the bill for each stage of negotiations. But realistic evaluation of past trade experience shows that regardless of safeguards, regardless of pre- and post-negotiation efforts to insure that injury will not occur, some injury can occur. This is a fact of realistic, shifting patterns of trade, no matter how hard-headed, no matter how expert, no matter how careful the negotiators may be. It is also a realistic fact of shifting patterns of trade that the imposition of a higher duty in one area may cause retaliation and injury in another area of American life. Therefore, up until now, no legislation has tried to take care of the realistic needs to help those few businesses and workers who may be

hurt by trade to adjust to the change. The President has called this concept "an essential part of the new trade program."

The trade adjustment assistance provisions of H.R. 11970 meet that realistic need. The AFL-CIO believes that the realism expressed in these proposals is so important to effective trade policy for the sixties that the national interest will not be served by a trade policy that excludes it. This belief is expressed in the AFL-CIO convention resolution attached which states: "Adequate assistance or relief for those adversely affected by imports is to continue its support for a liberal trade policy."

Because there is so much confusion about this new proposal, it is important to emphasize why it has been proposed, what has been proposed and why the arguments against trade adjustment assistance usually represent some misconceptions of its purpose and its concept.

THE WHY OF TRADE ADJUSTMENT

1. A new situation calls for new tools and new mechanisms

America's competitive strength has not fallen behind. It is now meeting new challenges. No one can predict the precise changes that will occur as our Nation faces the challenges of the new and growing bloc of nations called the Common Market or the other trade challenges around the world.

It is clear that we must grant the President enough authority to act in the Nation's interest with flexibility and provide tools to do the job properly. It is also clear that the choice under present legislation is inflexible. The President may now choose to permit the United States to trade more, regardless of the consequences to business at home, or to trade less whether or not the import restrictions so imposed do any good for American industry or workers.

The new proposal calls for a third tool to be added, one that works positively to help those who have been hurt by trade. It is new in the sense that it is geared to change, it allows for more flexibility than before and it admits that injury can occur, despite the best efforts of the most hardheaded negotiators.

The new mechanism therefore provides a new way to do something positive to help companies, workers, and farmers who may be affected by imports to adjust in a changing world.

2. The national interest must not ignore the interests of a few

Since trade expansion is necessary to the Nation's domestic and international strength, it is clear that efforts to expand must continue. It is also clear that the effort to expand exports cannot succeed unless we continue to buy from other nations. It is even more evident that the Nation needs imports to continue to expand its industrial might at home. The question therefore becomes: Do we have a right as a nation to do something for everyone's good that jeopardizes the job, the business of a few Americans? The answer is "Yes." The Nation has always operated for the majority well-being. But the next question is even more important: Do we have the right as a nation to ignore the minority which is hurt? The answer is clearly, "No." If the Government needs a person's land for highway purposes, it has the right of eminent domain not to seize the land, without compensation, but to compensate the person whose land is needed for public purposes. An equally important question becomes, Is it in the national interest to ignore the minority which is hurt? The answer again is clearly, "No." It is in the best interests of the national welfare to insure that American business and American workers adjust to changes and help themselves to become productive and income producing through such adjustment.

3. The adjustment of this group is a national responsibility

The problems of this group are the results of governmental decision. Whether the Nation erects tariffs, tears down tariffs, or takes any other action concerning international trade, the Constitution gives the Federal Government the power to make trade decisions. Since the Government makes whatever decision creates the problem, the Government has a responsibility to take effective action to meet adjustment problems arising from that decision.

4. Adjustment assistance will reduce opposition to trade

Many Americans have seen firsthand the adverse result of import competition. These individuals have not seen the benefits from trade. However slight the injury from import competition may be to the total economy, it is very real to

the businessman, the worker or anyone else who has lost out because of trade. Anyone who pretends that import competition cannot hurt anyone has not faced reality. Those who pretend that import competition will hurt everyone equally avoid reality. Since imports cannot be divorced from other economic factors in trade, it is essential that the Nation find ways to help those who must adjust to them. Only if such help is forthcoming will the American people affected by trade not bitterly oppose what is so essential to the well-being of everyone—trade expansion.

5. Adjustment assistance will expand employment

The purpose of trade adjustment assistance is in fact adjustment. This provision is designed to help workers, firms, and industries to adjust to the fact of change and its implications. With 3.1 million export-related and almost 1 million import-related American jobs, it is essential to continue the trade expansion, but, at the same time, help create new jobs for those who may be affected by import competition.

Adjustment assistance is therefore designed to help companies and workers adjust to a new condition and thus regain competitive strength and new jobs. Thus business strength is aided and employment is aided. This kind of assistance, therefore, amounts to a positive step, never before included in the law, to facilitate more business and more employment for American competitive industry.

HOW TRADE ADJUSTMENT WORKS

Under H.R. 11970, the injured firm, group of workers, or injured industry can petition the Tariff Commission for a finding as to injury. The Tariff Commission then determines whether the industry and/or firm and/or group of workers was hurt by imports. The President then decides what kind of relief is appropriate.

If an industry is found to be injured, the President may put into effect the escape clause and/or trade adjustment. If he chooses not to put into effect the escape clause, the Congress may override his decision.

If he chooses to put into effect the trade adjustment mechanism, then he may provide that the firms in that industry may apply to the Secretary of Commerce for certification of eligibility for adjustment assistance and/or that the worker in that industry may ask the Secretary of Labor for certifications of eligibility to apply for adjustment assistance.

If a firm has petitioned the Tariff Commission, the finding of injury as to that firm by the Tariff Commission means that the President may certify that such firm is eligible to apply for adjustment assistance.

If a group of workers has petitioned the Tariff Commission, the finding of injury as to that group of workers by the Tariff Commission means that the President may certify that the group of workers is eligible to apply for adjustment assistance.

Such assistance for workers would include three kinds of relief:

1. Readjustment allowances which in most cases would amount to the lesser of 65 percent of his weekly wage or 65 percent of the average weekly manufacturing wage for 52 weeks with provision for up to 26 additional weeks for a worker in an approved training program or up to 13 additional weeks to workers over 60. If the worker is employed part time, his readjustment allowance is reduced by 50 percent of his wages, but the combined part-time pay and allowance could not exceed 75 percent of this average weekly wage. Any unemployment insurance the worker is entitled to receive is deducted from the readjustment allowance.

2. Workers hurt by imports will be eligible for vocational education and training. Those receiving training are eligible for up to 78 weeks of readjustment allowances. Workers who refuse to take advantage of suitable training opportunities will be disqualified from receiving readjustment allowances. For purposes of training and placement, the worker may receive supplemental assistance not to exceed \$5 a day subsistence or 10 cents per mile for transportation (sec. 326).

3. Heads of families who cannot find jobs in their present community and who qualify under the assistance requirements, will get a relocation allowance to pay for moving the worker, his family, and their household effects to another place where he has a bona fide offer of employment. Such allowance would amount to a lump sum equivalent to 2.5 times the average weekly manufacturing wage. Based on the 1961 figure, this amount would be \$230.85.

In order for a firm to get assistance made available by the act, they would first have to present a proposal for their economic adjustment. The firm could get assistance from the Government in working out its plans, but it would have to show that the steps it proposed would contribute to the firm's economic adjustment, make maximum use of its own resources, and "give adequate consideration to the interests of" its workers.

After the Government approved a firm's economic adjustment proposal, it would be eligible for—

1. Technical assistance would be provided to firms seeking assistance.
2. Loans (or loan guarantees or deferred loan participation agreements) to the firms from appropriate agencies, such as Small Business Administration. It provides for loans to all qualifying firms and sets up special authority and procedures where they can get help and assistance if they need it.
3. Tax relief in the form of carryback provisions for any net operating loss for 5 preceding years.

The bill sets up a Cabinet-level Adjustment Assistance Advisory Board, which consists of the Secretary of Commerce as Chairman; and the Secretaries of the Treasury, Agriculture, Labor, Interior, and Health, Education, and Welfare; and the Administrator of the Small Business Administration, as well as such other officers as the President deems appropriate.

The Board will advise the President and the various agencies he designates to administer the program on overall coordination of the various adjustment assistance activities. It will give special consideration to devise ways to keep workers in their present companies wherever possible. It will also set up to advise the Board special advisory committees, composed of employer, worker, and public representatives to consider the problems of particular industries.

This, in briefest measure, is the trade adjustment proposal. It has the advantages, outlined previously, of being the first positive approach to trade adjustment that has ever been offered as an integral part of national trade policy. It is as the President described, a "businesslike program" and one designed "to afford time for American initiative, American adaptability, and American resiliency to assert themselves * * * designed to strengthen the efficiency of our economy, not to protect inefficiency."

The AFL-CIO favors the broad outline of the trade adjustment program, though there are a number of ways in which it could and should be improved.

(1) The readjustment allowances are not really adequate. As contrasted with an average weekly wage of \$92 in manufacturing in 1961, workers under the terms of the bill would have received a maximum of approximately \$60. Many workers would have received far less since in no case could they have received more than 65 percent of the average weekly wage they had previously been paid. On the other hand, higher paid workers could have received only \$60, which might have been considerably more than 35 percent under their previous weekly earnings. Even workers employed part time could have obtained a maximum of only about \$69.

What this means is that workers affected by imports through no fault of their own could be faced with substantial cuts in their income. A 35-percent or more cut in income for such workers would inevitably require a drastic reduction in their living standards. Such workers would be extremely hard pressed to meet even minimum family needs. For many families it would mean foreclosures on their houses, less and poorer food on the family table, and patched-up clothing for family members.

Therefore, we regard the 65-percent allowance as an absolute minimum to forestall extremely unreasonable cuts in living standards for workers affected by imports and any reduction below this amount would be absolutely unacceptable. Combined part-time pay and readjustment allowance should be limited only to the extent of the worker's previous average weekly wage.

(2) The bill provides for workers receiving training to be eligible for up to 78 weeks of readjustment allowances. In many cases, this period will not be sufficient. It cannot be expected that training programs which will really prepare workers for employment in the newer types of jobs in industries characterized by great technological changes can always be completed in as short a time as a year and a half. Therefore, we regard the 78-week limitation as an irreducible duration for workers receiving training.

(3) The provision for 13 additional weeks of readjustment allowances for workers over 60 who are not in training is highly inadequate. We would urge instead that older workers affected by imports be eligible for earlier retirement, preferably beginning at age 55. Workers who retire should receive at age 55 or

whenever they retire the equivalent of the social security payment they would have received if they had retired at age 65. These payments would be made out of a special appropriation and not from the social security trust accounts. Earlier retirement is a necessary requirement in the overall adjustment assistance program to provide a measure of equity for older workers who may be affected by imports.

We also believe that improvement is needed in the assistance available to business firms affected by imports, particularly with respect to the financial assistance for such companies. We suggest the following changes:

(1) The bill limits guarantees on loans to a maximum of 90 percent of the amount required for modernization and/or working capital. This means that firms hard pressed by import competition will somehow have to put up the other 10 percent. We believe this is unrealistic and there is no reason why such firms should not be able to obtain 100-percent guaranteed loans. If it is thought desirable that the firm should be required to put up some amount, it should be a token amount such as 2 or 3 percent.

(2) The minimum interest rate specified in the bill for loans is 4 percent. This should be reduced to the lowest unsubsidized rate which would be the cost of money to the Government. We understand this rate is ordinarily somewhere between 3 and 3½ percent.

MISCONCEPTIONS ABOUT THE TRADE ADJUSTMENT ASSISTANCE PROGRAM

In broad terms, the adjustment proposal seems to be reasonable to us that the only objections raised to the program appear to be based on misconceptions of the intent or the purpose or the content of the proposal. It would seem important, therefore, to clear up these misconceptions.

1. The trade adjustment program is not a strange concept

Some have argued against the adoption of this measure. This type of program is consistent with the operation of Government throughout the history of the United States. The National Government has been given the responsibility for trade with other nations under the Constitution and has consistently taken action designed to further the national interest in regard to trade.

Because it is the Federal Government's responsibility to decide what action shall be taken in the national interest for trade, it is the Federal Government's responsibility to make provision for those hurt by the decision made for the well-being of all.

Congress has taken steps to meet the obligations incurred by Government action in the past through such programs as the GI bill of rights, the reconversion unemployment benefits for seamen, unemployment compensation for certain Korean veterans, and extended unemployment compensation. Congress has provided reemployment rights for veterans and hospital and other benefits for those injured in pursuing the national interest.

Congress has recognized the responsibility of the Federal Government to lend support to such programs as area redevelopment and manpower development and training when the governmental decision's relationship to business losses and unemployment were far less direct than the decision to change duties or other restrictions on trade.

2. The trade adjustment program does not set up new Federal involvement

The Federal Government is involved in the effects of trade programs by virtue of the Constitution. Whether the Federal Government chooses to erect tariff barriers, impose quotas or provide adjustment assistance, the effect is Government intervention in the lives of American citizens. The only difference in this program is that it provides a positive method of dealing with injury when it occurs. Those who worry about the power of the Federal Government should always remember that the tariff power has proved extremely destructive at times to American industry, when other nations have retaliated against U.S. exports. American business and jobs are dependent on exports, too. There is no way to avoid Federal action in an issue specifically relegated to Federal decision.

Those who think trade adjustment would be a new Federal involvement are merely saying that the only Federal involvement on the tariff question should be to take negative steps of letting some injury occur by raising tariffs, imposing quotas, or letting some injury occur by lowering tariffs or removing quotas, but that the Federal responsibility does not extend to those hurt by trade decisions at the Federal level. The proposed allows the President both to impose new

restrictions if necessary and also to apply the adjustment assistance provisions if people and firms are hurt anyhow.

5. The trade adjustment program will not encourage the incidence of injury

(a) H.R. 11970 strengthens every safeguard ever made available and in addition sets up a special representative for trade negotiations, with ambassadorial rank, to be assisted by an interagency trade organization. Improvements have been made in the time required for reporting on escape-clause action, the ability of the Congress to effect escape-clause action through majority action, the former delays in reports, and the kind of reports and explanations made available.

(b) Experience with a program in the Common Market, where tariffs have been reduced rapidly and will be reduced to zero within a group of nations over an exceedingly short period of time, has shown that a fund set up to help adjustment has scarcely been used.

(c) Estimates prepared by the Department of Labor show that perhaps as many as 90,000 workers would be affected by the law over a 5-year period, that is, an average of 18,000 a year.

4. Trade adjustment problems are not taken care of by present unemployment compensation and other laws

A. Trade readjustment allowances apply to people who suffer hardships because of Government action, while unemployment compensation is presently adapted to temporary unemployment for any one of a number of usual and generally applicable economic factors.

B. Trade readjustment allowances apply to all those who are found to be hurt directly by trade while only three out of five employees are covered by unemployment compensation because of limitations in coverage eligibility requirements, wage qualifications, etc.

C. Trade readjustment allowances are geared to the needs of the people affected, while unemployment compensation benefits are limited and are suitable now for the temporary unemployed, lower paid employees, and those with marginal attachments to the labor force. Between States, there are great variations in payments allowed even for workers earning the same amount in the same industry. This is inappropriate for a national trade policy.

D. Trade readjustment allowances would affect relatively few people so that administrative problems would be minor.

E. Firms which can be helped under present laws and present provisions of various Government agencies will get such help. The provision for firms includes presentations of feasible economic plans to cure their injury. The Small Business Administration is included as an appropriate agency to help. The Small Business Administrator is a member of the Interagency Committee which the law establishes. But firms may be hurt which current laws do not cover and they have a right to adjustment assistance.

5. Trade adjustment is not federalization of the unemployment insurance system or a step in that direction

The proposal is a supplement to unemployment compensation with a trade readjustment allowance. The House Ways and Means Committee report on H.R. 11970 clearly states that the purpose of this was not to establish a precedent in the unemployment compensation field, but to provide an effective alternative to job protection now available to workers in import-sensitive industries to the tariff and escape-clause procedures, which, of course, cannot fully protect such employees.

6. No State will be unable to participate in the program

Wisconsin's Industrial Commission has said it cannot pay supplemental Federal benefits. Every time the issue has been raised, in Wisconsin, for veterans' and other programs listed previously in this testimony, some method has been worked out which satisfies the State of Wisconsin. Members of the Ways and Means Committee had been advised that Tennessee could not participate in the law, but when an opinion was sought on the issue from responsible Tennessee authorities by the chairman of the House Ways and Means Committee, it was found that Tennessee could participate. This would be true for other States.

Another typical provision in State unemployment insurance laws, when read in conjunction with the above provision about Federal versus State payments, says that States can make arrangements with the Federal Government to pay such supplemental benefits. (See fact sheet on trade readjustment allowances.)

7. Higher payments to some workers are not unusual

Some have raised the issue that it is unfair to pay higher benefits to some workers than to others. But this is already the case under unemployment insurance—depending upon State of residence, previous earnings, regularity of previous employment, etc. Though the trade adjustment assistance law sets higher allowances than unemployment compensation, the eligibility requirements are stiffer.

Trade-created unemployment is the result of a Federal decision for the benefit of a nation as a whole and help for it will be determined by the Congress. In fact, the Congress will decide, in effect, whether to help people hurt by trade or not to help people hurt by trade. There is a decision to try to help those hurt by trade adjustment to Government-created injury. In some cases, trade-created unemployment would not be compensated at all under current laws.

8. Administering different benefit levels will present no difficulty

Administering readjustment allowances would be no harder than administering present unemployment compensation benefits. The Veterans' Readjustment Assistance Act of 1952 provided Federal supplements up to a specified amount—a situation very similar to the trade adjustment assistance proposal, and affected more people with no administrative snarls.

The opinion of two State officials is pertinent. Joseph Gibbons, of Connecticut's Employment Security Division wrote a letter which was put in the Congressional Record on June 27, 1962. He stated that the objection of administration difficulties was a familiar one, and had been raised in a variety of situations since 1943 payments to maritime workers had been proposed. His letter to Congressman Glavin states (Record, p. 11119) :

" * * * after 27 years of experience in the business of administering employment security programs, at all levels, I think I can speak with some assurance as to feasibility of administration, and I can find nothing, after a careful scrutiny of H.R. 11970, which would be difficult to administer, much less impossible to administer."

Another view was offered to the House Ways and Means Committee hearings by the commissioner of labor and industry of New Jersey, Raymond F. Male, who said :

" * * * I would just remind the committee that already under the existing State laws and under other Federal programs we have a lot of this complicated administering to do of different rates of affecting different workers. We also have the problem of explaining, as the preceding witness said, the fact that some workers get no benefits at all under unemployment. So the matter of administrative difficulty, we feel, does not pose a great concern to us. We would be more concerned if the committee were to overlook the need for substantial trade readjustment allowances for these displaced workers * * * " (Raymond F. Male, commissioner of labor and industry, New Jersey, at hearings, Ways and Means Committee, Trade Expansion Act of 1962, p. 3410).

9. This is not a labor program

The support of organized labor for this program does not mean that adjustment assistance, in our view, will be of benefit only to labor. It is true that the benefits for workers, organized and unorganized, under this bill are specific and we support them. The bill at every stage, however, designates the interests of the United States, the interests of the national well-being, the interests of American industry, individual firms, and workers. This clearly is not exclusively a labor program. We do not think that adequate assistance will be provided to those hurt by trade without trade adjustment assistance to workers, firms, and industries. We cannot, therefore, support a trade policy that ignores the needs of those industries, firms, and workers adversely affected by trade. The trade adjustment assistance program represents a positive step to insure that the national welfare will be assisted in a positive fashion through helping people and firms to adjust to change. We do not believe the national welfare is served by depriving workers of the chance to be employed or to have income while adjusting to change. We cannot support any program which takes any other approach to international trade.

10. Trade adjustment cannot wait

In the long run, said an eminent economist, we will all be dead. All economists also show that in the long run an economy adjusts to change. The problem raised by those who think it would be best to "wait and see" before adopting trade ad-

justment is the problem of time and change in a rapidly changing world. The U.S. Government will be negotiating new trade agreements during a period of many shifts, both in our technological economy at home, and in the political and economic structure of the world overseas. This must be done at a time when America's economic growth is not rapid enough and America's adjustment to change has not moved forward rapidly enough to effect a smooth enough transition.

There is no way to continue or to stop trade without affecting employment. Both imports and exports affect employment and unemployment. The question, therefore, as to trade is whether the Government will help those who have been hurt or whether the Government will ignore those who have been hurt by governmental decision.

The adjustment program applies only where other U.S. programs do not apply. If, as some argue, these programs are sufficient, the adjustment program will be so tiny that its cost will be even less than the amount previously estimated.

If, as has been claimed, other programs are available to help all kinds of adjustment and such programs are adequate for the adaptation of American workers and industry to changes, including trade changes, it seems strange that America should be facing its current economic problems. Obviously, these programs have not given adequate help to those hurt by trade. The trade adjustment need is at hand right now. The program should be designed to take care of that specific problem. Trade adjustment is the only proposal ever offered specifically with this positive approach to trade problems. No other program has been designed with the express purpose of solving trade problems.

Some have argued, such as the CED, that the need for meeting a flexible and changing situation in the Common Market and elsewhere in the world calls for the ability to move with relative speed and to adapt to a changing world while, at the same time, to claim that trade adjustment is not needed until we see what will develop or to find out how much might need to be done. Others have argued that one new tool to deal with trade problems is too many tools in an ever more complex trading world. These seem entirely inconsistent with the realities. Surely if change is swift and we need to adapt, trade adjustment is one more way to do this. If problems are going to arise and we have not met them, another tool is needed. It is not fair to the American consumer to assume that all solutions lie in the area of "protecting" U.S. industry.

The American consumer benefits from changes that competition has wrought. Competition from abroad need not and should not mean the importation of sweatshop-produced goods. But competition from abroad can mean that America's competitive genius shall be prodded by new products and new ideas. Import-sensitive industries may find more help in competing with foreign firms by looking more carefully at consumer demand and effecting efficiencies in production. A new design becomes important, not only to the consumer, but to the competitive producer. The challenge to compete abroad is also a challenge to compete at home.

INTERNATIONAL FAIR LABOR STANDARDS

This competition, as we stated before, does not mean the importation of sweatshop-produced goods. No kind of adjustment assistance, no kind of tariff relief, and no kind of trade policy can morally absolve this Nation of its responsibility not to base competition or to encourage competition based, on unfair labor conditions. For this reason, we believe that international fair labor standards should be promoted, not only through help to unions in other nations and through our own union efforts here, but also by the operation of U.S. trade policy.

Surely no nation should compete on the basis of unfair conditions for working people. The use of an international fair labor standards mechanism could work toward this end. However complex the problem solutions must be found for an international need. (See fact sheet on international fair labor standards.)

Both the Democratic and Republican platforms specifically endorsed this principle in 1960. The President referred to it in his message on trade last January. We believe this principle should receive specific legislative recognition.

We therefore recommend that to the statement of purposes of the act should be added as one of the major objectives of the trade expansion program, promotion of fair labor standards in international trade. In addition, specific provision should be incorporated in the bill which would—

(1) Make improvement of labor standards a key consideration in tariff negotiations.

(2) Make establishment of international machinery to promote fair labor standards in international trade a major aim of the United States in its participation in various international organizations.

The adoption of these recommendations, therefore, would give legislative recognition in three ways, through the statement of purposes and two other recognitions of principle, to the necessity for ending the exploitation of workers everywhere in the world.

CONCLUSIONS

With the improvements we have suggested, the AFL-CIO is prepared to support H.R. 11970 as a single overall program. But we consider it as a single program which embodies both the authority to expand our international trade and the measures to minimize and help cure the injury that might result from such a policy. We regard these features—trade liberalization and safeguards—as inseparable. We would not support additional safeguards without trade liberalization. Neither will we support trade liberalization unless the legislation authorizing expanding trade also embodies necessary safeguards, especially the trade adjustment program.

We believe that the bill with provisions for both trade expansion and the necessary safeguards, including trade adjustment, strikes a proper balance. It is responsive to the economic and political requirements of this Nation and the other free nations with which we are associated. It is also fully responsive to the welfare of those who might otherwise be harmed by trade liberalization. With inclusion of our recommended changes, we urge enactment of the bill.

The CHAIRMAN. The next witness is Mr. Charles B. Shuman, the president of the American Farm Bureau Federation.

STATEMENT OF CHARLES B. SHUMAN, PRESIDENT, AMERICAN FARM BUREAU FEDERATION; ACCOMPANIED BY HERBERT E. HARRIS II, ASSISTANT LEGISLATIVE DIRECTOR

Mr. SHUMAN. Thank you, Mr. Chairman and members of the committee, the American Farm Bureau appreciates the opportunity to present its views with regard to H.R. 11970, the Trade Expansion Act of 1962.

I have with me Mr. Harris, the assistant legislative director, American Farm Bureau. In the interest of time I would like to present the statement as a whole, and for the record submit our attachments.

The CHAIRMAN. Without objection the insertion will be made.

Mr. SHUMAN. The American Farm Bureau Federation is a free, independent, nongovernmental, voluntary organization of over 1,600,000 farm and ranch families in 49 States and Puerto Rico.

Through an extensive policy development program at the county, State, and National levels, farmers and their elected representatives have discussed foreign trade policy and have developed a position which they call a program of expanded markets and commerce and which states:

Our national foreign policy should be based on a "program of expanded markets and commerce" through which there would be a systematic reduction of governmental intervention and restrictions in foreign trade. To implement such a program, Congress must enact legislation which will authorize effective negotiations for substantial reductions of trade restrictions, tariffs, and other barriers which are imposed against U.S. exports. This program calls for an extension and improvement of the reciprocal trade agreements program. It should be administered vigorously with full utilization of the authority granted by Congress. However, effective negotiations require that other nations accord the United States the full benefit of past and future concessions granted in return for concessions made by this country. Several countries have retained restrictions

on our agricultural exports which are not consistent with existing trade agreements nor justified by present conditions. These restrictions should be removed promptly.

When this legislation was originally sent to Congress, Farm Bureau supported the major objectives. However, we made specific recommendations in regard to amendments which we felt were essential in order for the Trade Expansion Act of 1962 to meet the criteria established in Farm Bureau policy.

H.R. 11970, the bill presently before you, contains many of the amendments recommended by Farm Bureau.

However, we believe that the bill can be improved further by additional amendments. We will make specific recommendations in regard to these amendments later in this statement.

American farmers are the most efficient agricultural producers in the world. We exported over \$4.9 billion worth of farm products last year. This was the equivalent of one-sixth of the cash receipts from farm marketings—or to put it another way, the production from over 60 million acres of U.S. cropland. We exported about half our output of wheat, cotton, and rice, two-fifths of the soybean and tallow output; and one-third of the tobacco, hops, flaxseed, and nonfat dry milk production. Feed grain exports continue to be a significant part of our marketing.

Foreign markets are becoming more and more important for poultry, variety meats, and some of our fruits and vegetables. Thirty percent of U.S. hide and skin production is exported. U.S. farmers supplied almost 70 percent of the lard that moved in free world trade last year.

The United States is the world's largest exporter of farm products. We supply one-fifth of the total volume of the world agricultural exports. The demand is increasing—opportunities are expanding. The American farmer intends to participate.

All farmers—whether they produce primarily for export or for the domestic market—have an interest in maintaining and expanding farm exports. If world markets are decreased or lost, the land and resources which have been used to produce for those markets will be utilized in the production of commodities for the domestic market, which in many cases is already oversupplied. This would depress all farm prices and reduce the net income of all farmers.

While the case can be made clear that exports are important to U.S. agriculture, it is essential that we do not miss the point that agricultural exports are vital to American's total export earnings. With the most efficient agriculture in the world, the United States historically has exported large quantities of farm products.

Last year, agricultural exports were 26 percent (see attachment I) of the total U.S. exports. If U.S. farmers should lose their foreign markets, it could have serious consequences to our balance-of-payments position. On the other hand, U.S. agriculture's tremendous capacity to produce such a wide variety of farm products in substantial volume could be utilized to an even greater extent to increase the export earnings of the United States.

Commercial exports of food and fiber can be one of the United States most effective foreign policy tools. A sound customer-supplier relationship based on two-way trade, especially in farm products, is a cohesive force difficult to match in foreign relations.

Our surpluses can be used effectively by supplying countries with needed food and fiber on special terms when they are unable to buy them for dollars. Such export movements presently make up over 25 percent of our current total agricultural exports. In the past 7 years we have programed over \$14 billion worth of surplus farm products in this manner. Such a massive movement demands the most careful safeguards if we are not to disrupt and displace U.S. commercial sales and the sales of our allies. We should not dump indiscriminately our agricultural surpluses on the world market through Public Law 480 or other Government programs.

In addition, foreign currency sales do not earn dollars and do not help solve our balance of payments deficit.

We reject and condemn any proposal that is based on the premise that food and fiber are less worthy of foreign exchange than industrial goods.

As we consider foreign commercial trade policy today, it is natural that we center our attention on our present and future trade relationships with the European Common Market. We believe the formation and expansion of this economic union can provide a bulwark against future communistic advances in Europe. It can be a factor in strengthening the economy of the whole free world by broadening markets and expanding the purchasing power of the nations involved—if trade restrictions to outside countries are not increased but are lowered.

The six countries of the Common Market have been important trading partners of the United States. It is in the best interest of all that this trade be maintained and expanded. To approach this job sensibly, we should understand the nature of the trade between these six countries and the United States.

In fiscal year 1961 the United States exported \$3.5 billion of goods to the Common Market countries—about \$1.1 billion of agricultural products and \$2.4 billion of nonagricultural products. (See attachment I.)

Therefore, farm products accounted for about 32 percent of our total exports to these six countries. In the same year, our total imports from the Common Market countries were approximately \$2.1 billion—\$220 million of agricultural products and \$1.9 billion of non-agricultural products. Farm products account for less than 10 percent of Common Market exports to the United States. (See attachment II.)

These facts make clear that the Common Market will be primarily interested in expanding exports of industrial products. The United States, on the other hand, must place for greater emphasis on agricultural trade.

The rising standard of living which is now being realized in Europe could create a large expanding market for our farm products. But this potential will not be realized if U.S. farm products are denied access because of trade restrictions.

It is necessary that Common Market countries clearly understand that the United States has based—and is basing—its strong support of the Community on the requirement that the EEC adopt an import policy which will further expand, and not contract, multilateral trade on a nondiscriminatory basis.

A goal of self-sufficiency in European agriculture would have a detrimental effect on trade between the EEC and her traditional suppliers, including the United States.

A policy of encouraging excessively high, uneconomic domestic price supports would necessarily force the European Community to implement these supports by restrictive import devices and would tend to relegate outside countries to a status of residual suppliers.

Canada, Australia, New Zealand, South Africa, Brazil, Argentina, and many other countries share with the United States a real interest in keeping trade channels open to the EEC.

These countries enjoy a substantial European market for their products. We must convince the Europeans that agricultural self-sufficiency is not in the best interest of a dynamic, growing economy.

Agricultural exports can be a help in strengthening alliances between the United States and Western Europe if trade is allowed to flow. On the other hand, the trade disruption which would be caused by the massive use of trade restrictions on agricultural exports would weaken—not strengthen—free world unity. Therefore, the United States has a serious responsibility to demand the full rights of a "trading partner."

The trade agreement recently concluded with the EEC leaves much undone as far as U.S. agriculture is concerned. At least \$200 million worth of agricultural trade is subject to variable import fees which remove it from effective trade agreement negotiation and make reciprocal concessions impossible.

The commodities subject to such fees include wheat, feed grains, rice, and poultry. It is imperative that effective negotiations be entered into to obtain meaningful "bound" maximums on these fees.

For example, the EEC proposes to establish so-called target prices for all grain produced in the Common Market. A European Grain Bureau would be empowered to make support purchases to assure that these prices are maintained. Concurrent with this, the Common Market would establish variable import fees which would be based on the difference between the target price and the world market price.

Even though countries of the EEC have commitments on the tariff level of wheat, they propose a policy which would permit them to apply import fees of any magnitude sufficient to protect a target price which they consider a matter of internal policy and completely at their discretion.

Variable import fees can be used as a device to completely restrict trade in important agricultural commodities. It is meaningless for the United States to negotiate a tariff reduction on a commodity if the foreign country reserves the unlimited right to impose a variable fee on a commodity.

At the very minimum in order to have effective negotiations, the United States must insist that the EEC agree to limit the amount of variable fee which can be imposed on any commodity. They should be required to place in the tariff schedule of our trade agreements the maximum available fee which can be applied. This would permit the United States to negotiate the reduction of such maximums and have some assurance that this would effectively reduce the amount of import levies—tariffs and fees—which were to be applied to the commodity involved.

Under the amendment recommended by Farm Bureau and incorporated in this bill as section 252, the necessary tools are provided for this type of negotiation. This amendment makes clear that the United States will not grant additional concessions to countries which are impairing present concessions to the United States.

It directs the President to withdraw concessions from such countries to the extent that such variable fees impair existing concessions to the United States. It places the Common Market on notice that we will demand reciprocity in our tariff negotiations.

Obviously the effectiveness of this amendment will be determined by the vigor with which it is implemented.

If we are to be effective in our negotiations, the United States also must adopt realistic domestic farm programs.

For example, our principal effort in negotiations with the Common Market has been based on our attempt to convince the EEC that it should not establish artificially high target prices.

Such a policy would stimulate uneconomic production of grain within the Common Market and would require increased restrictions against U.S. grain exports. This important market for U.S. farmers would be jeopardized, and trade relations would be seriously impaired.

Many U.S. officials have gone to Western Europe to present our arguments. They have put forth the proposition that "basically, we believe in the efficiency of the market mechanism as the best means of providing consumers with goods and services."

The efforts have been intense to convince the European Economic Community that high price supports and import restrictions are not the answers to their problems, and that they are inconsistent with sound international trade policies.

Yet, at the very same time, the Secretary of Agriculture raised the price support on wheat from an average of \$1.78 a bushel to \$2 a bushel and also increased the price support on corn from an average of \$1.06 to \$1.20 a bushel.

In addition, the administration has requested a farm program which would maintain—and in some respects increase—the gap between domestic and world prices.

The House of Representatives has rejected recently this approach. This action is consonant with a sound expanding trade program.

A U.S. farm program based on Government control and regimentation and artificially high price supports would reduce our bargaining power for expanded exports, decrease opportunities for markets, create inefficiencies and thus lower the net income of American farmers.

We believe that the U.S. farmer needs an effective foreign trade program in order to expand markets. The American farmer also needs realistic domestic programs in order to take advantage of such opportunities. There is a real possibility that acres now being retired can be brought back into production in the future to supply expanding demand in the foreign market.

But even more important from the standpoint of the common good, national policy should take advantage of the tremendous productive capacity of American agriculture.

We can expand our dollar exports of agricultural products; we can increase our dollar export earnings. U.S. agriculture need not be a problem—it should be one of the means of solving one of the critical dilemmas of our times, the balance-of-payments deficit.

But the American farmer's interest in sound foreign trade policy extends far beyond his specific interest in expanded foreign markets.

Farm Bureau policies over the years have recognized the need for a high level of mutually advantageous trade in the interest of a strong economy in the United States and in order to maintain our leadership in the pursuit of lasting peace.

This requires a sound U.S. foreign trade policy—a policy based on expanding free world trade. Expanding markets, expanding sources of supply, expanding opportunity can be the basis for a vital, growing U.S. economy and increased economic strength throughout the free world.

We understand that Communist Russia has mounted a trade offensive. The political motivation of such efforts is obvious. It is not difficult to cite examples of a Communist nation maintaining exports of agricultural products while its people go hungry.

The United States is capable of attainments in the field of trade far exceeding anything the Communist empire can hope to reach through its political machinations of commerce. The opportunity for two-way trade can be a tremendous attraction to uncommitted nations and through mutual advantage can cement political alliances in a far more effective way.

Proponents of expanded foreign trade too often emphasize exports and treat imports as a kind of "necessary evil." Of course, the axiom that we must be willing to buy if we wish to sell is true. But imports are exceedingly important to us in agriculture.

Many supplies necessary to agricultural production can be and are imported: Barbed wire, baling twine, certain machinery, and petroleum products. The availability of these imports helps alleviate the serious price-cost squeeze which farmers are presently undergoing. We regret the extent to which some of the competitive forces have been retarded.

One of the major economic problems faced by farmers has been—and is—the rising costs of farm operation. We sincerely believe that imports can play a vital role in the solution of this problem.

The charge is often heard that U.S. agriculture is completely protected from import competition through section 22 of the Agricultural Adjustment Act.

This is not so.

The imports of relatively few agricultural products are restricted by quotas: Cotton, wheat, peanuts, some dairy products. This is the complete list. But we do not mean to justify the indefinite continuation of such restrictions nor the unrealistic domestic farm programs which have made them necessary.

Farm Bureau's proposal in the domestic field, we believe, would remove the necessity for such restrictions. As world suppliers in some of these products, American agriculture does not intend to base its future on Government import barriers.

In addition, we firmly believe that trade in U.S. agricultural products should be based on a concept of fair competition. This means that we should work toward a one-price system in which the f.o.b. price for which a product is sold in the world market is the same price which brought forth the production, whether the price is paid by the customer or partially by the Government through direct payments.

Again the point must be made that realistic domestic farm programs are essential if U.S. agriculture is to take full advantage of a program of expanded markets and commerce. They are essential if the Trade Expansion Act of 1962, whatever its final form, is to achieve its objective.

The three principal elements in a program of expanded markets and commerce are:

1. Realistic domestic farm programs;
2. A U.S. foreign trade policy which will obtain access to foreign markets for U.S. agriculture; and
3. A concerted promotion and sales program for U.S. agricultural products.

The third factor, we believe is exemplified rather well in the establishment of the Farm Bureau Trade Development Corporation, an affiliate devoted to expanding foreign marketing of U.S. agricultural products, and our foreign trade office in Rotterdam, Netherlands, which has represented our marketing interests in Western Europe since October 1958.

Since 1934 Farm Bureau has recognized the basic necessity for a sound foreign trade program and has supported the Reciprocal Trade Agreement Act. We believe that a new program is necessary, one especially designed to meet the problems and the challenges of today.

We see two primary factors that must be dealt with.

First, our balance-of-payments deficit must be solved.

Second, the United States must be equipped to deal effectively with regional arrangements such as the European Economic Community.

There may have been a period after World War II when the primary function of the foreign trade program was to give an expanded opportunity to foreign countries to earn dollar exchange with which to buy products we were anxious to sell.

In such an environment, negotiation was easy and the sharp edge of bargaining was blunted. A balance-of-payments deficit requires a tough policy at the bargaining table in which the United States demands (1) full compensation for concessions offered to other countries and (2) the prompt removal of special import devices which impair concessions obtained through previous negotiations.

There should be no confusion on the point that some concessions obtained for U.S. agricultural exports in past negotiations have been and are being impaired by quantitative restrictions.

State monopolies, import licenses, mixing regulations, skimming fees, and a variety of other devices breach the spirit and the letter of existing trade agreements.

Attachment IV is a list of examples of agricultural products still under import control in Western European countries.

Attachment V is examples of agricultural products still under import controls in non-European countries.

When the legislation which became H.R. 11970 was being considered by the House Ways and Means Committee, Farm Bureau recommended an amendment to implement our belief that the time had come for a tough policy at the bargaining table.

The House Ways and Means Committee adopted this recommendation which became section 252 of H.R. 11970. This section directs the President to take definite action when U.S. concessions are being impaired.

It states in part:

Whenever a foreign country or instrumentality the products of which receive benefits of trade agreement concessions made by the United States—(1) maintains nontariff trade restructions, including unlimited variable import fees, which substantially burden U.S. commerce in a manner inconsistent with provisions of trade agreements * * * the President shall, to the extent that such action is consistent with the purposes of section 102 * * * (A) suspend, withdraw, or prevent the application of benefits of trade agreement concessions to products of such country or instrumentality, or (B) refrain from proclaiming benefits of trade agreement concessions to carry out a trade agreement with such country or instrumentality.

The purpose of this section is to put our "trading partners" on notice that reciprocity will be demanded in return for concessions made by the United States.

We urge this committee to include in its report a strong statement as to the need for the strict and vigorous implementation of this provision.

Farm Bureau believes that the authority contained in this bill for the President to reduce duties is a proper and necessary delegation if we are to have an effective foreign trade program. Because of the time required to prepare for and carry on the important negotiations with the EEC, we believe a 5-year extension is reasonable and necessary.

The basic authority to reduce the rate of duty by 50 percent is similar to the provision contained in the Reciprocal Trade Agreements Act of 1934. Of course, the 1934 provision applied to duties which were the highest in our history and therefore contained greater overall reduction authority.

Farm Bureau also supports the authority to reduce the zero duties existing on July 1, 1962, which are 5 percent ad valorem or less (or the equivalent). We believe this is necessary in order to make meaningful concessions on a number of our present duties.

Farm Bureau has watched closely the development of the European Common Market. Our 1962 policies state:

The European Common Market can expand trade and commerce, including agricultural trade, by broadening markets and increasing the purchasing power of the nations involved, provided these countries do not sacrifice sound trade policies in order to protect unrealistic domestic farm programs. It is imperative for the United States to negotiate firmly and persistently against the adoption of such policies. We believe the authority contained in a program of expanded markets and commerce could be a principal mechanism for attaining this objective if agriculture is kept a full participant in the benefits of trade negotiations.

Therefore, we support the authority to reduce to zero categories of goods in which the United States and the European Common Market together account for 80 percent of the exports in world trade. We wish to emphasize two points in regard to this provision:

(1) The vigorous implementation of section 252, requiring the removal of nontariff restrictions which are contrary to existing trade agreements, is essential to the proper exercise of this provision.

(2) A U.S. reduction to zero on a specific category should not mean that the reciprocal concession from the Common Market would necessarily be a reduction on the same category. The principal means by which the United States can obtain concessions from the European Common Market on agricultural products is by offering concessions

on industrial products. Trade is not a process of "trading our beans for their beans." We must obtain concessions on products we are able to sell by offering concessions on products they are able to sell.

Farm Bureau supports the authority to reduce the tariff to zero on an agricultural product if it is determined that such reduction will maintain or expand the U.S. exports of that product.

We support the reduction or elimination of duties on certain tropical products in concert with the European Common Market. We believe firmly that much more can be done in the field of trade to assist the development of less developed nations.

A program of eliminating unreasonable restrictions on such nations' ability to earn foreign exchange could go far in reducing the need for elaborate aid programs on a grant basis.

Farm Bureau has recommended that the Tariff Commission should be redesignated as the "Commission on Trade and Tariffs and should be delegated an expanded role in our trade agreements program with the authority to explore the many factors which are involved in foreign trade developments. This need is reflected in section 242 of H.R. 11970 which directs the establishment of the Interagency Trade Organization. We recommend that the name of this group be changed to "Interagency Trade Council" since it will be composed completely of Government officials.

This would also avoid confusion with organizations proposed in the past. This Council for the first time would provide a forum before negotiations to which organizations and industries interested in expanding exports can present their case in regard to unjustifiable import restrictions maintained against U.S. exports. We believe that this provision can be a means of substantially improving our foreign trade program.

Another new feature in this bill is the creation of the special representative for trade negotiation who reports to the President. We believe this is an especially important post, requiring a man with extensive training and experience in the trade negotiation field.

It should not be a "part-time job." The responsibilities and challenges are tremendous.

The establishment of a "chief negotiator" and the Interagency Trade Council are related. H.R. 11970 provides that the "chief negotiator" shall be a member of the ITC.

However, the bill is silent as to who the Chairman shall be except to say that he should be a Cabinet officer.

We recommend that the committee provide in the law that the Chairman of the Interagency Trade Council shall be the special representative for trade negotiation.

Subsection 4 of section 405 presently contained in the bill is especially important to the operation of an effective escape clause. This redefinition of "directly competitive with" makes clear that producers of raw products, such as sheep and sweet cherries, can obtain escape-clause relief with respect to imports of products at a later stage of processing. This will correct a serious deficiency in the operation of the present law.

H.R. 11970 contains an escape-clause provision which is compatible with a program of expanded markets and commerce while at the same time providing the necessary safeguards for domestic industries. It should be noted that in its present form the bill provides escape-clause

procedures which give domestic industries an opportunity to obtain increased import restrictions when imports are causing or threatening injury.

Such relief is not in the present bill considered "extraordinary," nor is injury definite in an unreasonable manner. Access to the Tariff Commission is provided for, as are public hearings and a public report by the Tariff Commission. These are improvements which were recommended by Farm Bureau and which are included in the bill as passed by the House. The bill also provides specific time limitations in regard to the consideration of escape-clause petitions.

We believe that these time limitations are significant improvements. We feel that those who are affected by the trade program not only have a right to action—they have a right to prompt action.

We are opposed to those provisions in H.R. 11970 which provide so-called adjustment assistance through direct Federal aid. We are convinced that this type of Federal aid prevents adjustment rather than assisting it. We believe that the escape-clause provisions already in the bill if properly implemented are a much wiser approach to the problem.

Industries are put on notice that they must eventually meet the competition and that adjustment is necessary. The Federal Government through increased import restrictions provides them time for adjustment. The decision to adjust and the manner in which adjustment is to be made is left to the industry.

Direct Federal aid to industries or areas on the basis of economic depression should not be considered in the context of foreign trade. The fact is that there are a number of programs in operation and proposed to provide such assistance.

For example, this Congress has already enacted the Manpower Development and Training Act. Additional programs of this type should be considered on their merits, not as an adjunct to the foreign trade bill.

It seems to us especially undesirable for unemployment compensation to be provided by the Federal Government at different rates to individuals who are unemployed. This would be a serious incursion upon the rights and responsibilities of the State governments to control and administer unemployment compensation. Inclusion of these provisions presently in H.R. 11970 would establish a type of "special premium" on being able to ascribe economic difficulties to the foreign trade program. This could have long-term adverse effect upon sound foreign trade legislation. It should be noted that the present bill would authorize benefits to industries whether or not the Tariff Commission determined that they were being injured by imports. We believe that the Trade Expansion Act of 1962 should be considered on its own merits and not "sold" on the basis of increased Government subsidies. Accordingly, we must insist upon the deletion of chapters 2 and 3 of title III.

Farm Bureau sincerely believes that if strengthened by the amendments which we have proposed the Trade Expansion Act of 1962 would authorize the implementation of a sound, vigorous foreign trade program. Such a program would serve the interest of U.S. agriculture, of U.S. industry, and indeed, of the whole free world. We, therefore, urge that H.R. 11970 be enacted with the amendments presented above.

(The attachments referred to follow:)

ATTACHMENT I

U.S. domestic exports to EEC (Common Market) countries, 1957-58 to 1960-61

[In thousands of dollars]

Country of destination ¹	Year beginning July 1			
	1957-58	1958-59	1959-60	1960-61
Agricultural:				
West Germany.....	326,073	273,538	374,289	320,356
France.....	65,395	64,709	119,097	112,107
Italy.....	155,205	105,569	154,544	213,279
Netherlands.....	299,552	242,449	339,303	324,200
Belgium and Luxembourg.....	120,061	105,101	133,543	130,825
Total, EEC.....	876,286	791,366	1,120,776	1,100,767
Other countries.....	3,126,027	2,927,344	3,406,283	3,844,816
Total, agricultural.....	4,002,313	3,718,710	4,527,059	4,945,583
Nonagricultural:				
West Germany.....	487,110	415,066	574,726	716,952
France.....	395,909	279,030	346,901	471,674
Italy.....	395,975	305,270	368,621	544,327
Netherlands.....	233,942	226,234	306,142	392,852
Belgium and Luxembourg.....	234,655	208,781	260,687	280,148
Total, EEC.....	1,747,591	1,434,381	1,857,077	2,405,953
Other countries.....	10,953,447	10,083,380	10,896,513	11,490,378
Total, nonagricultural.....	12,701,038	11,522,761	12,753,590	13,896,331
Total, all countries.....	16,703,351	15,241,471	17,280,649	18,841,914
Special category ¹	2,023,476	2,041,667	1,800,389	1,597,578
Total, domestic exports.....	18,726,827	17,283,138	19,081,038	20,439,492

¹ Not available by countries.

ATTACHMENT II

U.S. imports for consumption from EEC (Common Market) countries, 1957-58 to 1960-61

[In thousands of dollars]

Country of origin	Year beginning July 1			
	1957-58	1958-59	1959-60	1960-61
Agricultural:				
West Germany.....	25,543	28,392	30,153	29,245
France.....	35,975	38,352	42,075	45,437
Italy.....	48,600	56,261	57,014	57,005
Netherlands.....	72,847	88,400	84,396	80,114
Belgium and Luxembourg.....	6,403	5,800	6,597	8,363
Total, EEC.....	189,368	217,205	220,235	220,216
Other countries.....	3,740,775	3,786,814	3,796,765	3,420,775
Total, agricultural.....	3,930,143	4,004,019	4,017,000	3,640,991
Nonagricultural:				
West Germany.....	560,428	738,241	931,475	808,710
France.....	218,624	346,790	428,570	306,116
Italy.....	198,130	274,589	354,058	305,151
Netherlands.....	105,854	121,079	132,169	128,298
Belgium and Luxembourg.....	234,346	345,859	411,048	311,278
Total, EEC.....	1,337,382	1,826,558	2,257,320	1,859,553
Other countries.....	7,531,060	8,064,578	9,020,674	8,290,287
Total, nonagricultural.....	8,868,442	9,891,136	11,277,994	10,149,840
Total, imports for consumption.....	12,798,585	13,895,155	15,294,994	13,790,831

ATTACHMENT III

U.S. domestic exports: Value of selected agricultural commodities to the EEC (Common Market) countries, fiscal year 1960-61

[In thousands of dollars]

Commodity groups	Total, EEC, countries	West Germany	France	Italy	Netherlands	Belgium and Luxembourg
Wheat and flour.....	120,297	11,100	2,860	77,908	20,767	7,662
Feed grains.....	196,543	31,019	394	9,079	108,656	47,395
Dairy products.....	2,297	68	21	1,626	381	201
Cattle and beef.....	3,323	74	523	14	2,614	98
Hogs and pork.....	556	453	3	1	95	4
Poultry and eggs.....	35,626	29,509	157	653	4,543	764
Fruits and vegetables.....	60,443	26,104	6,761	2,160	14,873	10,545
Lard and tallow.....	310,83	9,502	201	13,592	7,023	765
Cotton, unmanufactured.....	270,411	66,723	81,083	66,562	28,342	27,701
Tobacco, unmanufactured.....	86,798	50,298	4,015	4,084	18,772	9,629
Soybeans.....	118,499	38,466	3,818	10,431	55,098	10,686
Vegetable oils, exp.....	29,805	19,243	598	439	7,994	1,531
Food for relief, etc.....	17,689	1,312	63	16,289	0	25
Other.....	127,397	36,485	11,610	10,441	55,042	13,819
Total.....	1,100,767	320,356	112,107	213,279	324,200	130,825

ATTACHMENT IV

EXAMPLES OF AGRICULTURAL PRODUCTS STILL UNDER IMPORT CONTROLS IN WEST EUROPEAN COUNTRIES

(1) United Kingdom: Pork products, fresh apples and pears, fresh grapefruit, grapefruit juice, and orange juice.

(2) EEC countries:

(a) Netherlands: Beef and veal, fresh or chilled; potatoes; wheat and wheat flour; hops; and calfskins.

(b) Belgium: Some 40-odd agricultural commodities are included in a waiver granted in 1955 to Belgium in the GATT on which import controls are permitted under the terms of the waiver which is scheduled to expire December 31, 1962. Items of trade of interest to the United States are fresh apples and pears, hops, asparagus, and leguminous vegetables. November 15, 1961, increased licensing taxes on meat products.

Belgium has announced liberalization of wheat and wheat flour; feed grains; fresh beef, veal, and pork; bacon; processed meat; and eggs; but at the same time has imposed new import taxes or levies (the amount frequently changed by decree). Thus, in effect, wholly or partially nullifying the liberalization moves. During last quarter of 1961 reduced somewhat levies on wheat and feed grain products.

(c) Luxembourg: Fresh beef and veal, processed meats, wheat and wheat flour, rye and rye flour, and fresh apples.

(d) France: Poultry meat; canned fruits, dried plums (prunes) packaged for retail sale; fresh and dried apples and pears; canned fruit and vegetable juices; pig and poultry fat, rendered; prepared animal feeds; fresh oranges (other than summer oranges). State trade items include grains and flour; oilseeds and oil; sugar and tobacco. November 3, 1961 duty-free quota of 70,000 milligrams, flaxseed for fiscal 1962.

(e) West Germany: Effective import restrictions still apply to 250 commodity classifications in the agricultural sector, of which 161 are subject to state trading. Controlled items include rice; tallow; meat extracts and meat juices; fresh apples and pears; canned fruit (other than canned peaches and fruit cocktail); wheat; corn; oats; barley; rye; grain flours; seed oils; fresh, chilled, or frozen beef, veal, pork, and mutton; processed meats and edible offals.

(f) Italy: Poultry, natural honey, dates, dried figs, raisins, cheese, essential oils of citrus, pasta, linseed oil, soybean oil, grain sorghums, corn (during January 1 to June 30), rye flour, and lard. Wheat and wheat flour and tobacco are state traded.

(3) Norway: All grains (state monopoly control), canned fruit cocktail, tomato juice, fresh apples and pears, and meat.

(4) Sweden: All grains (minimum price below which imports may be prohibited), frozen beef, poultry meat and fat, milk and cream, butter and cheese, honey, and fresh apples and pears.

(5) Denmark: Variety meat and meat extracts; canned fruits and vegetables (except canned peaches, apricots, pineapples, and grapefruit sections); fruit juices; seedoils; wheat; and fresh apples and pears.

(6) Austria: Wheat, corn, and barley (state monopoly control); tobacco (state monopoly); poultry meat; lard; variety meats; dairy products; and fresh apples and pears.

(7) Switzerland: Under Swiss legislation, imports of any agricultural commodity which is also grown or produced in Switzerland may be controlled. Currently imports are controlled for wheat, feed grains, potatoes, cattle for slaughter, meat and meat products, vegetables, fresh apples and pears, butter, whole milk powder and casein, tallow and lard.

(8) Greece: A relatively small amount of Greek trade is subject to import licensing. However, a number of commodities are subject to large advance cash deposits, consumption taxes or special regulations. Rice imports are subject to licensing and wheat and wheat flour are subject to special regulation.

(9) Portugal: All imports require advance import registration certificates. For some commodities certificates are issued automatically. Agricultural commodities still subject to discriminations from the dollar area include cotton, edible oils, wheat, feed grains, rice, fresh citrus fruits, milk, and butter.

(10) Spain: Most of the agricultural imports are subject to import controls including wheat, feed grains, seedoils and oilseeds, meat and meat products. Basic foodstuffs, raw cotton, and wool are state traded.

(11) Turkey: All imports are subject to licensing. Licenses for items on the liberalized list are granted freely upon application. Most of the agricultural commodities of interest to the United States are on the nonliberalized list including wheat, feed grains, seedoils, meat and meat products, and cotton. Tobacco and tobacco products are state traded.

(12) Finland: A fairly large number of products are subject to nondiscriminatory quota limitations. In addition, a smaller number of commodities are subject to individual discretionary licensing. Agricultural commodities still under import control include meat and meat products; condensed and powdered milk; wheat and wheat flour; rice and rice flour; barley and barley meal and flake; corn; lard; soybean oil; canned asparagus; almonds, filbers, and walnuts; lemons; prepared and preserved fruit; and fruit juices including pineapple juice.

(13) Ireland: Raw onions, fresh or dried, fresh apples, feed grains, and high special levies on canned fruit.

ATTACHMENT V

Examples of agricultural products still under import controls in non-European countries which it is expected will be negotiating with the United States during the second phase of the fifth round tariff negotiations.

(1) Canada: Turkeys; cheddar cheese; butter; dry skimmed milk; butterfat; wheat, wheat flour, and wheat starch; oats, ground oats, crimped oats, crushed oats, rolled oats, and oatmeal; and, barley including fround, crimped, meal and flour.

(2) Japan: All commercial imports continue to be subject to industrial license. Three basic systems of import licensing are in use, as listed here in order of increasing restrictiveness: (1) The automatic approval system; (2) the automatic fund allocation system; and (3) the exchange fund allocation system. Agricultural items which the United States would like to see placed on the automatic approval system category include cotton, rice, barley, lemons, and certain canned fruit. Tobacco is state traded. October 1, 1961, 24 agricultural items put under automatic approval including some canned fruit and poultry and variety meats.

(3) Australia: Oilseeds and vegetable oils.

(4) New Zealand: All imports into New Zealand, except a small number of items specifically exempted, require import licenses. The licensing treatment for all imports is set forth in the yearly import licensing schedules. Licenses are issued on a global basis and are available for imports from all sources.

(5) Chile: All imports are permitted entry, but prior to their importation the importer must register the transaction with an authorized commercial bank in Chile. In addition to duties and taxes, most imports are subject either to an import deposit guarantee requirement or to an additional ad valorem surcharge.

There are eight import guarantee deposit categories ranging from 5 to 1,500 percent of the c.i.f. value as follows: Category A, 5 percent of c.i.f. value; category B, 20 percent; category C, 50 percent; category D, 100 percent; category E, 200 percent; category F, 400 percent; category H, 1,000 percent; and category J, 1,500 percent.

(6) Israel: All imports require individual license. Advance deposits of 20 to 40 percent of the c.i.f. value of the import are required before import licenses are issued. Certain priorities in licensing imports according to source of goods have been established as follows: (1) Countries with which Israel has bilateral trade agreements; (2) Western Germany, under the Reparations Agreement; and (3) countries extending assistance or making loans to Israel to finance imports. Goods from other sources generally are licensed only if it is impossible or impractical to obtain the products concerned from the above sources.

ATTACHMENT VI

RECENT RESTRICTIVE NONTARIFF ACTIONS

Belgium: Effective November 15, 1961, Belgium increased the licensing tax on the following items: Cows on the hoof, from free to 4 Belgium francs per kilogram; other meat preparations, preserves, and cooked dishes containing less than 30 percent meat, from BFr0.40 to BFr0.80 per kilogram; other meat preparations containing 30 to 70 percent meat, from BFr1 to BFr2 per kilogram; and meat preparations containing more than 70 percent meat, BFr2 to BFr4 per kilogram.

Denmark: When Denmark imposed the embargo on feed grains on September 13, 1961, grains for feeding were transferred from the free list (not subject to license) to the restricted list (subject to import license). Although the embargo was lifted on November 17, grains of this type are still subject to issuance of an import license. These grains include barley, oats, corn, buckwheat, millet, canaryseed, sorghum, and other grains; bran and other residual products from sifting, grinding, and other processing of grain and pulses; corn gluten fodder; and cereal flours and groats if denatured so as to be unsuitable for human consumption.

Italy: On October 5, 1961, the Government of Italy announced the deliberalization of live hog and pork imports from table A and B countries. Imports are now controlled on a quarterly quota basis. The announced quarterly quota for October to December 31, 1961, was 10,000 quintals (2,390,000 pounds) for non-Common Market countries. Of the latter 4,500 quintals must come from Argentina. In addition to pork, the Italian Government, effective October 6, 1961, suspended all imports of slaughter cattle, beef, and beef offals with the exception of frozen beef for the armed forces and frozen glands for use by the pharmaceutical industry. Also, effective October 10, 1961, the following forage crop seeds which have not been color tested were banned for importation: purple alfalfa, red clover, white clover, white dutch clover, ladino, crimson clover, Kerseem, and Egyptian clover.

Mexico: On December 9, the Mexican Government put rice imports under control. In the future all rice imports will require a previous permit from the Ministry of Industry and Commerce.

Netherlands: The Government of the Netherlands recently added a turnover tax surcharge of 0.5 percent on imports of: lard and other rendered pig fat; unrendered fats of bovine cattle, sheep, or goats; and tallow (including premier jus) produced from the above fats.

Sweden: Because of an oversupply in the European Market licensing of eggs became effective on October 2, 1961.

Venezuela: Effective October 5, 1961, the following items became subject to license: fruit pulp and paste of pears, apricots, and plus, without sugar and in containers of 2½ liters or more; fruit pulp and paste, not elsewhere specified; fruit juices or tropical fruits, pineapples, and citrus fruits; fruit extracts, natural; carpets, carpeting, floor rugs, mats, and matting of vegetable plaiting materials, not elsewhere specified.

The CHAIRMAN. Thank you, Mr. Shuman.

Mr. SHUMAN. Thank you very much, Mr. Chairman.

The CHAIRMAN. Mr. Shuman, by and large do you believe this bill will increase exports of farm products?

Mr. SHUMAN. We think that this legislation would give the opportunity for sound expansion in exports of farm products.

The CHAIRMAN. In other words, with the suggestion you have made you believe that our exports, which have been one-third of all the exports to the Common Market countries, as I understand it, probably will be increased rather than decreased?

Mr. SHUMAN. We think so over the long run. Perhaps in the beginning of the Common Market experience we may have areas in which certain commodities, are going to lose export sales. But we think in the long run we will benefit especially if we follow a tough negotiating policy and just don't back away.

The CHAIRMAN. Thank you very much. You have made an excellent statement.

Any questions?

Senator KERR?

Senator KERR. Go ahead, Senator.

Senator CURTIS. I was going to ask, is it the custom in the printing of the record to include these attachments to his statements, if not, I would like to ask unanimous consent that the attachments of Mr. Shuman's—

The CHAIRMAN. The attachments will be placed in the record.

Senator CURTIS. The attachments do go in?

The CHAIRMAN. They do go in.

Senator CURTIS. I understand, Mr. Shuman, that the import controls on the countries of Europe as well as some other countries are quite significant, aren't they, as invoked against industrial products?

Mr. SHUMAN. Yes, sir, very important.

Senator CURTIS. We are very indebted to you for this tabulation.

For instance you have here the United Kingdom, pork products, fresh apples and pears, fresh grapefruit, grapefruit juice, orange juice.

The EEC countries, Netherlands, beef and veal, and so forth, wheat and wheat flour, hops and calfskins; in Belgium, some 40-odd agricultural commodities and so on.

I will not read it since it is going in the record now, isn't one of the needs for the Common Market countries a greater importation of meat?

Mr. SHUMAN. We think that there is a need and an opportunity for increased sales of various kinds of meat products, into the Common Market, yes, particularly we have had some experience with our Farm Bureau trade development office in Rotterdam, we find that the interest in the variety meats is particularly high.

Senator CURTIS. Yes.

Per capita they do not consume nearly the amount of meat we do, do they?

Mr. SHUMAN. No. With their increasing income per capita, the opportunity to increase the sale of red meat and poultry products in the Common Market area is tremendous.

Senator CURTIS. I notice, glancing down this list of countries, and you have done an excellent job of compiling them, Switzerland, Greece, Portugal, Turkey, and so on, many of them control a sizable list of agricultural products including the animal proteins; isn't that right?

Mr. SHUMAN. That is true.

Senator CURTIS. Now, would you say that it was a fair criticism of our trade agreement program in the past that they have accepted a reduction in the tariff and have not been successful in preventing the imposition of nontariff barriers?

Mr. SHUMAN. That has been one of the major handicaps we have had in agriculture. Too much attention in our negotiations has been placed on the tariff barrier and not enough attention has been given to the quantitative restrictions and other nontariff restrictions.

Senator CURTIS. Yes. In fact, sometimes a concession enumerated in the trade agreement has been just totally and completely nullified.

Mr. SHUMAN. That is correct.

Senator CURTIS. Would you say that an act of this kind, if enacted, would have to have forthright and vigorous and clear-cut administration in order to increase exports of agricultural products?

Mr. SHUMAN. Yes, sir; that is the main reason for our recommendation and support of section 252, which is to place emphasis on tough negotiation as well as good administration.

We think we need an aggressive attitude when it comes to this matter of restrictions that have been placed against us. Actually at times—well, we have been in the embarrassing position to ask these countries to reduce barriers on certain products where they have established target prices when we ourselves have been guilty of the same kind of price-fixing devices here.

But nevertheless we can be tough on the removal of quantitative restrictions and we ought to get our own domestic agricultural policies in line so we can also be tough in our negotiations on the other limitations such as target prices which require a high import barrier.

Senator CURTIS. Now, section 102 is a statement of the purposes of the act, very laudatory, very noble, but they are also very vague and hard not only to define but also to measure.

The purposes of this act are to stimulate the economic growth of the United States, (2) to strengthen economic relations with foreign countries, (3) to assist in the progress of countries in the early stages of economic developments, and (4) to prevent Communist economic penetration.

There is no quarrel with any of them, but they are rather hard to measure.

Then turning to this section 252, which you mentioned in your statement, that the President shall refuse to negotiate if they have these discriminatory things including the variable import fee, all of that can be nullified by the administrator of the act because the President defines these things, "shall to the extent that such action is inconsistent with the purposes of section 102."

All they have to do is to find—to shut that off would be to do one of these vague things that are noble in intent but hard to measure, and I hope if this bill does become law, that section 252 can have some amendments.

How much farm products do we export?

Mr. SHUMAN. Something over \$5 billion worth. Imports of agricultural products are just under \$4 billion, about \$3.7 billion. Many of these products included in the \$4 billion are noncompetitive with our production, such as tropical fruits.

Senator CURTIS. Bananas and coffee?

Mr. SHUMAN. Yes.

Senator CURTIS. How much is the import of coffee now?

Mr. SHUMAN. I beg your pardon?

Senator CURTIS. Our import of coffee, is that a sizable item?

Mr. SHUMAN. It is sizable but I am not familiar with the total dollar value—I believe it is about \$1 billion worth.

Senator CURTIS. Now, are exports over imports then a little over a billion dollars?

Mr. SHUMAN. Yes, over a billion dollars. However, if you exclude the noncompetitive, it is \$3.1 billion, I believe.

Senator CURTIS. Aren't the noncompetitive ones the ones we want to encourage?

Mr. SHUMAN. Yes, sir.

Senator CURTIS. Aren't the noncompetitive ones those that foreign countries would find it advantageous to buy from us?

Mr. SHUMAN. Yes. Of course, sometimes it is a case not only of being noncompetitive, but making up deficits in their production.

For instance, our meat and grain products are competitive certainly with many foreign countries' production, but they do not produce sufficient quantities, so there is a deficiency as well as the noncompetitive factor.

Senator CURTIS. Yes.

Now, of our agricultural exports of about \$5 billion, how much of these exports move with the support of a Government subsidy of some kind?

Mr. SHUMAN. Well, about 26 percent of our exports are affected by Public Law 480.

Senator CURTIS. Now, that is the law that permits us to sell for soft currency, foreign currency, and leave the money in that country?

Mr. SHUMAN. Yes, sir.

Senator CURTIS. Do we go further in subsidizing that?

Do we pay a portion of the transportation?

Mr. SHUMAN. Yes, we do. We pay other additional subsidies, and also in addition to the 26 percent that is subsidized under Public Law 480, about half or \$1.3 billion worth of our other agricultural sales are subsidized in some manner.

Senator CURTIS. With the wheat and cotton export subsidy?

Mr. SHUMAN. Yes, sir, including those.

Senator CURTIS. What does that amount to?

Senator KERR. Would the Senator yield?

Senator CURTIS. I would be delighted.

Senator KERR. Would the 26-percent figure you just alluded to apply just to total or agricultural?

Mr. SHUMAN. Agricultural.

Senator KERR. I thought so, but I don't think you made it clear.

Mr. SHUMAN. Agricultural exports.

Senator CURTIS. What do we spend under Public Law 480?

Mr. SHUMAN. What do we spend?

Senator CURTIS. What does it cost? Of course, it is hard to determine. Until those soft currencies are either washed out—

Mr. SHUMAN. I don't think we will know what the total cost is until we find out how we come out on the deals. I am not familiar with the total estimate of the cost at this time.

Senator CURTIS. What do we spend for exporting cotton and wheat?

Mr. SHUMAN. I don't have the total figure. I will be glad to get this cost and supply it to you.

Senator CURTIS. I would appreciate having the estimate made by your fine organization submitted.

Mr. SHUMAN. We will be glad to do that.
(The estimate referred to follows:)

Estimated CCC export payments by commodities, July-June, 1960-61

Commodity	Total payment (million dollars)	Average rate per unit
Cotton.....	223	6 cents per pound.
Wheat (including flour equivalent).....	327	54 cents per bushel.
Rye.....	2	31 cents per bushel.
Corn.....	9	6 cents per bushel.
Grain sorghum.....	4	6 cents per bushel.
Oats.....	2	18 cents per bushel.
Barley.....	9	16 cents per bushel.
Rice.....	56	2.94 cents per pound.
Milk, nonfat dry.....	14	10 cents per pound.
Tung oil.....	1	7 cents per pound.
Shelled peanuts.....	3	6 cents per pound.
Total.....	650	

Senator CURTIS. As a matter of fact, quite a sizable portion of our agricultural exports are the result of the Government subsidy program, are they not?

Mr. SHUMAN. I think there needs to be a word of explanation here that while it is true that about half of the agricultural exports that are not included under Public Law 480 do have some subsidy, I am sure that we would make a large portion of these exports anyway. The subsidy that is necessary is more a result of unwise domestic farm programs than it is our need to subsidize exports.

If we did not have these Government farm programs here in this country we would probably sell as much or more of these products without subsidy.

Senator CURTIS. You are pointing out these are an adjunct to the farm program rather than—

Mr. SHUMAN. Yes, sir.

Senator CURTIS (continuing). Working our way into the foreign market?

Mr. SHUMAN. Yes, sir.

I am positive if it were not for the domestic farm programs we could sell as much or more abroad without subsidy. It isn't that the subsidies are necessary for our exports. It is that the subsidies are necessary to make up the difference between the mistaken pricing policies we have established in this country and the world market.

Senator CURTIS. Would that be based on the premise that the price would be low?

Mr. SHUMAN. The market price, for some of the exportable commodities, would be competitive, it might be lower than it is now, and at other times it would be more a question of variations and the average price might be as high or even higher but we can't meet market prices today in some instances.

Senator CURTIS. What is your idea on the extent to which American agriculture should be protected from imported agricultural products from foreign countries?

Mr. SHUMAN. We support section 22. We believe the escape procedure is sufficient protection. There are safeguards in this provision

so that if we find that foreign countries are destroying some essential part of our agricultural-producing capacity here is this country we can get relief under the escape procedure.

Senator CURTIS. Has it been called to your attention that in the operation of these variable import fees imposed by European countries, are not only variable to meet their target price, but they are variable as to season, aren't they?

Mr. SHUMAN. Yes, sir.

Senator CURTIS. At a time when there are considerable American products on the world market, they may be raised, is that right?

Mr. SHUMAN. Yes, it is our understanding they have this authority, and, of course, this variable import fee is of extremely great concern to us. We think this ought to be the target for our real tough negotiations with them. We ought not to be offering further concessions when the variable fee has been used indiscriminately against us.

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. Senator Kerr?

Senator KERR. Do you have the figures of our exports of farm products to Japan?

Mr. SHUMAN. I don't believe that they are included in our attachment.

Senator KERR. That is the reason I asked the question.

Mr. SHUMAN. I would be glad to supply that information, Senator—\$553 million worth of U.S. agricultural products were exported to Japan in fiscal year 1961.¹

Senator KERR. Do you know from what you have before you the total export of soybeans from this country?

Mr. SHUMAN. Yes, I have here the soybean information. The U.S. agricultural export fact sheet of the USDA, December report, shows a new export record of 143 million bushels, valued at \$344 million, was exported to all countries in fiscal year 1961.

Senator KERR. Does that break the exports down by countries to which it goes?

Mr. SHUMAN. We can get that information for you. It isn't here.

Senator KERR. What is the fact sheet you have before you?

Mr. SHUMAN. This is the fact sheet for the fiscal year 1961 published by the USDA Economic Research Service.

Senator KERR. Fact sheet, USDA, 1961, exports of farm commodities?

Mr. SHUMAN. U.S. agricultural exports. It has no identifying number, except it is a fact sheet on U.S. agricultural exports.

Senator KERR. Is that calendar 1961 or fiscal?

Mr. SHUMAN. This is fiscal 1961.

Senator KERR. Is that the latest that is out?

Mr. SHUMAN. Yes, sir.

Senator KERR. You will put into the record, if you can, the exports from this country of soybeans year by year for the last 5 years, and the countries to which they were exported?

Mr. SHUMAN. Yes, we will.

(The information referred to follows:)

¹ This breaks down as follows in millions of dollars: Cotton, 233; soybeans, 102; wheat and flour, 51; tallow, 24; cattle and calf skin, 27; corn, 31; tobacco, 16; other, 69.

TABLE 1.—Soybeans: U.S. exports as such and as oil and meal equivalent, by country of destination, year beginning Oct. 1, 1958-59, through 1960-61 and October-December 1960-61 and 1961-62

Continent and country of destination	Soybeans					Oil equivalent of soybeans ¹					Meal equivalent of soybeans ²				
	1958-59	1959-60	1960-61 ³	October-December		1958-59	1959-60	1960-61 ³	October-December		1958-59	1959-60	1960-61 ³	October-December	
				1960-61 ³	1961-62 ³				1960-61 ³	1961-62 ³				1960-61 ³	1961-62 ³
1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	1,000 short tons	
North America:															
Canada.....	15,173	15,764	18,663	9,947	10,116	166,599	173,089	204,920	109,218	111,074	360	367	439	234	238
Cuba.....	320	954	162	162	3,514	10,475	1,779	1,779	1,779	8	22	4	4	4	4
Mexico.....	6	6	15	(⁴)	4	66	66	165	44	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
Total.....	15,499	16,724	18,840	10,109	10,120	170,179	183,630	206,864	110,997	111,118	368	389	443	238	238
South America:															
Argentina.....		1	1	(⁴)	(⁴)		11	11			(⁵)	(⁵)		(⁵)	(⁵)
Venezuela.....	172	110	368	147	295	1,889	1,208	4,041	1,614	3,239	4	2	9	4	7
Other.....	1	2	1			11	22	11			(⁵)	(⁵)	(⁵)		
Total.....	173	113	370	147	295	1,900	1,241	4,063	1,614	3,239	4	2	9	4	7
Europe:															
Belgium-Luxembourg.....	3,985	4,211	4,428	2,605	2,187	43,755	46,237	48,620	28,603	24,013	94	98	104	61	51
Denmark.....	5,545	8,663	5,417	2,708	4,574	60,884	95,120	59,479	29,734	50,223	131	201	127	64	108
France.....	2,017	4,517	1,624	915	1,295	22,147	49,596	17,832	10,047	14,219	48	105	38	22	31
Germany, West.....	13,200	15,301	15,596	7,557	7,990	144,936	168,005	171,244	82,976	87,730	313	356	366	177	188
Italy.....	1,328	4,031	4,371	1,232	4,605	14,581	44,260	47,994	13,527	30,563	31	94	103	29	108
Netherlands.....	15,598	26,328	18,951	9,755	8,691	171,266	289,081	208,082	107,110	95,427	370	612	445	229	204
Norway.....	1,575	2,150	2,499	1,050	1,036	17,293	23,607	27,439	11,529	11,375	37	50	59	25	24
Sweden.....	2	8	1	(⁴)	(⁴)	22	88	11			(⁵)	(⁵)	(⁵)	(⁵)	(⁵)
Switzerland.....	374	904	525	214	147	4,107	9,925	5,765	2,350	1,614	9	21	12	5	4
United Kingdom.....	2,216	3,908	4,263	2,572	1,709	24,332	42,910	46,808	28,240	18,765	53	91	100	60	40
Poland.....			363					3,986					9		
Yugoslavia.....		1					11								
Other.....	3	456	778		142	33	5,007	8,543		1,559	(⁵)	(⁵)	11	18	3
Total.....	45,843	70,478	58,816	28,608	32,376	503,356	773,848	645,804	314,116	355,488	1,086	1,639	1,381	672	761
Africa:															
Algeria.....		26					285					1			
Cameroon.....		153					1,570					3			
Morocco.....	956	419	580	439	296	10,497	4,600	6,368	4,820	3,250	23	10	14	10	7
Total.....	956	588	580	439	296	10,497	6,455	6,368	4,820	3,250	23	14	14	10	7

Asia:																
China, Taiwan.....	4,213	5,281	6,483	1,894	466	46,259	57,985	71,183	20,796	5,117	100	123	152	44	11	
Israel.....	5,050	6,080	5,196	2,980	3,759	55,449	66,758	57,052	32,720	41,274	120	141	122	70	88	
Japan.....	36,708	40,177	38,305	12,751	13,263	403,054	441,143	420,589	140,006	145,628	870	934	900	300	311	
Korea, South.....	1,189	1,301	1,014	336		13,055	14,285	11,134	3,689		28	30	24	8		
Philippines.....	99	13	45	8	36	1,087	143	494	88		2	(¹)	395	1	(¹)	
Other.....	342	626	410	76	200	3,755	6,874	4,502	835	2,196	8	15	10	2	5	
Total.....	47,601	53,478	51,453	18,045	17,724	522,659	587,188	564,954	198,134	194,610	1,128	1,243	1,209	424	416	
Oceania.....		(²)	4	1	6		1	44	11	66		(³)	(³)	(³)	(³)	
Grand total.....	110,072	141,381	130,063	57,349	60,817	1,208,591	1,552,363	1,428,096	629,692	667,771	2,609	3,287	3,056	1,348	1,429	

¹ Calculated at 18.3 percent.² Based on actual output of meal.³ Preliminary.⁴ Less than 500 bushels.⁵ Less than 500 tons.⁶ All to Rumania.⁷ All to Czechoslovakia.

NOTE.—Compiled from records of the Bureau of the Census

Senator KERR. Do you have an opinion or definite information as of this time as to whether or not the percentage of those soybean exports that come within that 26 percent that you said, were subsidized one way or another.

Mr. SHUMAN. Yes, we do, 5 percent moved under Public Law 480.

Senator KERR. Five percent?

Mr. SHUMAN. Yes.

Senator KERR. Now, which commodity had the highest percentage that moved under Public Law 480?

Mr. SHUMAN. I believe that wheat would be the highest proportion.

Senator KERR. What percent of our wheat exports, does that show?

Mr. SHUMAN. Seventy percent, according to the USDA.

Senator KERR. What percent of our cotton exports?

Mr. SHUMAN. Twenty-five percent.

Senator KERR. What percentage of feed grains?

Mr. SHUMAN. Twenty-five percent of feed grains. This is based on dollar value.

Senator KERR. I understand.

Would you put into the record the percentages applicable to the various commodities?

Mr. SHUMAN. Yes, we will be glad to do that.

Total exports under Government programs—Public Law 480 and MSA as percent of U.S. exports

	Percent
Total value all commodities.....	31
Wheat, including flour.....	70
Corn, including cornmeal.....	23
Rice, milled.....	68
Cotton.....	25
Tobacco.....	21
Edible vegetable oils ¹	26

¹ U.S. exports include, soybean, cottonseed and peanut oils, vegetable oil shortening, 100 percent vegetable oil, and oil equivalent of soybean and peanuts. U.S. exports also include 30,000,000 pounds of vegetable oils donated under title III, which the Bureau of the Census reports as "Other food exported for relief or charity by individuals or private agencies." World exports include additional competitive oils.

Senator KERR. Now, you made a statement as I understand it in answer to a question by the Senator from Nebraska, if there were no farm program there would be no subsidies necessary with reference to these exports?

Mr. SHUMAN. No, sir, I don't believe I made the statement, at least I didn't intend to make the statement.

Senator KERR. What did you say?

Mr. SHUMAN. What I intended to say was that a large part of it—

Senator KERR. I thought you said that these subsidies were an adjunct to the farm program and caused by it, and without the farm program we would have as much or more exports without subsidies?

Mr. SHUMAN. Yes, that is a fairly accurate restatement of what I said.

I intended to say that a large portion of the export subsidy cost for agricultural commodities including Public Law 480 and other kinds of subsidies, a large portion of this is made necessary by unwise domestic agricultural Government pricing policies.

Senator KERR. Well now, let's just get that down so a fellow with a limited understanding such as I have can comprehend what you are talking about.

Is that another way of saying that if it were not for the farm program these products would be selling at a price that would move them into the international markets without our giving a subsidy?

Mr. SHUMAN. Yes, that is substantially correct.

Our markets would be in line with and have a bearing upon world market prices.

Senator KERR. Or would it be the reverse?

Mr. SHUMAN. Some of both.

Senator KERR. If we didn't have the farm program, our agricultural products would be selling at the world price, wouldn't they?

Mr. SHUMAN. Yes.

However, our production and our prices in the United States have a very important bearing on world prices and when we subsidize production in the United States by establishing a price, whether that price is high or low, the fact that it is established and known beforehand, has an important bearing not only on domestic production but on foreign production.

Senator KERR. What effect does it have on the world price; does it make it higher or lower?

Mr. SHUMAN. It tends to push world prices down when the Government establishes a price in many cases.

Senator KERR. You mean because of the fact that cotton is worth 33 cents a pound in the United States that the makes the world price lower?

Mr. SHUMAN. It undoubtedly has a stimulating effect on world production when it is known that we are establishing a target price.

I would contend—

Senator KERR. That support price doesn't apply to any foreign production, does it, Mr. Shuman?

Mr. SHUMAN. No. But if the foreign producers know we are establishing and holding an umbrella, as it were, over prices and we are establishing a fixed price it then becomes an incentive for increased production.

Senator KERR. When they don't have access to that price?

Mr. SHUMAN. Yes, sir; because they know that we here are going to be forced to follow policies which are going to support these prices in a large segment of world production.

Senator KERR. But we only support domestic prices, don't we? We don't support any foreign prices.

Mr. SHUMAN. That is true.

But it does limit our ability to compete in the export market.

Senator KERR. If we could compete in export markets against world production, the only tendency would be to put the world price down, wouldn't it?

Mr. SHUMAN. There can be both effects.

If our support price generates enough excess production that we are forced to dump on world markets, then, of course, it depresses the price.

If, on the other hand, our—

Senator KERR. I thought we had trade agreements that prevented our dumping?

Mr. SHUMAN. Well, you can describe our policies of export sales any way you want to but many of our competitors think we dump our surplus on the market.

Senator KERR. Well, the only way that we can sell in the world market is at competitive prices, isn't it, Mr. Shuman?

Mr. SHUMAN. That is true.

Senator KERR. And the only way we can have a competitive price with reference to those products where price supports make the domestic price higher than the world market is to do so through this subsidies provision, isn't it?

Mr. SHUMAN. That is the reason we have used the subsidy—because our prices have not been competitive.

Senator KERR. And the only way we can make them competitive is to ship them at the world price. I presume that the subsidy you talk about is achieved by selling the commodity at a less cost than the Commodity Credit Corporation acquires it under the price-support operation.

Mr. SHUMAN. Yes.

However—

Senator KERR. They don't sell it at the price they bought it and then give part of the money back, do they?

Mr. SHUMAN. No.

Senator KERR. They just sell it at the world price.

Mr. SHUMAN. That is true.

However, when we establish the price of cotton or of wheat, and announce to the world we are going to maintain this price in the United States and we are going to restrict production, we immediately establish a firming effect on the world market and encourage additional production. It is well known that Mexico, Egypt, and other countries, which are producers of cotton, have expanded their production as the result of our domestic agricultural price and control policies.

They have moved in to secure a bigger share of the world market.

Senator KERR. But you said a while ago that our domestic pricing policies reduced the world price and now you are saying it increased them.

Mr. SHUMAN. It can have both effects depending upon the way in which we operate.

Senator KERR. I want to tell you it is interesting, that the same cause that could provoke a situation whereby competitive commodities elsewhere would have the higher and lower price, you don't mean simultaneously?

Mr. SHUMAN. Not at the same time, but it could have a different effect at different times depending on what our policies are.

Senator KERR. We have the policy of price supports. The only difference has been in degree, not whether we have them or not.

Mr. SHUMAN. It depends on whether or not we store up and hold off the market large quantities or whether we sell them in the export trade.

It depends also on how large the reduction in production is that we attempt to make.

So that it is a disrupting factor, and probably more times than not, it is on the side of depressing world prices.

Senator KERR. Is there any other country that supports the price of their agricultural production?

Mr. SHUMAN. Yes, sir; many of the Common Market countries do.

Senator KERR. Is there any that does not?

Mr. SHUMAN. Oh, yes.

Senator KERR. In the Common Market countries?

Mr. SHUMAN. Any of the Common Market countries?

Senator KERR. Yes.

Mr. SHUMAN. There are many products in the Common Market countries that are not price supported.

Senator KERR. I am talking about their own agricultural products.

Mr. SHUMAN. That is true. There are many products in the Common Market countries that are not supported by their government.

Senator KERR. For instance?

Mr. SHUMAN. I don't believe that the Netherlands supports the price of all of its agricultural products. I don't know the specific ones.

Senator KERR. How much agricultural land do the Netherlands have?

Mr. SHUMAN. They don't have very much land, but they are a very important producer of dairy products and other agricultural products.

As far as I know the dairy products in the Netherlands are not price supported.

Senator KERR. What are their exports of dairy products? Milk, butter, or cheese?

Mr. SHUMAN. I think all three. Cheese and butter are very important agricultural exports from the Netherlands.

Senator KERR. I saw where Brazil had a program on of burning half their coffee trees.

Have you noticed that?

Mr. SHUMAN. I hadn't seen that item.

Senator KERR. I saw a picture in the paper of a Brazilian farmer engaged in the operation of burning half of his coffee trees in accordance with the government's program to reduce the production of coffee in Brazil to help the world price.

Mr. SHUMAN. I think one of the troubles in coffee, not knowing very much about it since we don't produce it in the United States—on the mainland, at least—I think one of the troubles, though, is that there have been attempts made in the past to establish prices by Government action and it has encouraged overplanting of coffee plantations and resulting surplus production.

In other words, I believe very firmly that much of our trouble in the export of agricultural products is directly related to pricing policies, both at home and abroad, Government pricing policies.

Senator KERR. I cannot in my own mind understand how we could compete in the world market on the basis other than at prices at which the product can be bought in the world market, and, therefore, that the only way we can change our price-support program so as to enable us to achieve the same volume, dollar volume of exports, would be if our farm products sold at the world market.

Mr. SHUMAN. We agree with that substantially. The only point that I would add would be that in some instances if we adjusted our domestic price-support policies so as to compete in world markets, in some cases this would be a strengthening factor on the world market.

Senator KERR. What would it do to the income of the domestic farmer?

Mr. SHUMAN. It might very well increase it if we could sell more at somewhat higher prices than the world market is today. I think it would strengthen the world market in most cases.

Senator KERR. It is just hard for me to understand how a farmer could get in a posture of having to compete in the world market at the world market price, when it would be below his cost of production and improve his position by producing more.

It looks to me like the more he would produce the more he would lose.

Mr. SHUMAN. In the case of some crops it is true that we might not be able to compete in the world markets and we might have reduced sales for some products.

But overall, I think we would be able to compete, and our total sales of agricultural products would increase, and that our decision to abandon the Government price fixing would be a strengthening factor in the world market.

Senator KERR. Do you know of any country that has price supports that operates them on a basis other than to provide a better economic opportunity for the farmers within the country having them?

Mr. SHUMAN. This, of course, is the usual reason given for price supports but it is not always the result.

Senator KERR. And you think every country that does is making a mistake?

Mr. SHUMAN. I think any time the Government interferes in the pricing of a product in the long run it penalizes the folks they intend to benefit.

Senator KERR. Thank you.

The CHAIRMAN. Senator Smathers?

Senator SMATHERS. I pass.

The CHAIRMAN. Senator Douglas.

Senator DOUGLAS. Mr. Shuman, I regret I was not able to come to the committee room during your direct testimony.

I have had a chance to read it, however, and I want to commend you for the general position which you take which has been historically the position of the Farm Bureau for expanded international markets through progressive reduction of tariffs.

Mr. SHUMAN. Thank you.

Senator DOUGLAS. I am very glad that you are properly alert to the difficulties which American farm products may have to the European Common Market; namely, that there will be internal free trade within the Common Market, but that the external tariff, which will certainly be high on industrial products, and which may be and in all probability will be higher on farm products, will cause difficulties for our products. I am very glad that you have endorsed section 252 which authorizes the President to suspend decreases in our tariffs to the European countries if they use levies, import licenses or the like, or impede the movement into the Common Market of American farm products. I raised the question with Secretary Hodges yesterday as to whether this would be enough.

Section 252, taken by itself, merely authorizes the President to suspend decreases, and I raised the question with him as to whether it would not be desirable to give the President added powers to impose increases, not necessarily on the same product but on other products,

in the event that the Common Market takes a hostile attitude toward American farm products.

I wonder what your feeling about that was?

Mr. SHUMAN. Well, of course, Senator, this is a matter of judgment. We have considered this question and we have the feeling that there is adequate authority and adequate power.

We certainly have placed much reliance and much support on section 252 and its adequate and forceful administration.

We don't want any question as to whether or not the President has adequate authority under section 252 and even a mandate to follow what the intent of the Congress is.

Senator DOUGLAS. Section 252 merely gives to the President the powers to suspend decreases which would otherwise go into effect.

In itself it does not give direct authority to increase tariffs or to threaten to increase tariffs as a means of forcing the Europeans to reduce theirs. I wondered what your position would be on giving the President these added powers?

Mr. SHUMAN. Well, we think the provision for the withdrawal of concessions is considerable strength. We haven't frankly discussed the suggestion as to the authority for him to increase so we have no position on that but—

Senator DOUGLAS. Section 201(b), subparagraph (2) on page 3 of the bill as it passed the House.

Mr. SHUMAN. I don't believe I have a copy of it.

Senator DOUGLAS. Do you have a copy of the bill here? Will someone furnish Mr. Shuman with a copy of the bill? Page 3, Mr. Shuman.

Mr. SHUMAN. What subsection is it?

Senator DOUGLAS. It is subsection (b), paragraph (2).

Except as otherwise provided in this title, no proclamation pursuant to subsection (a) shall be made (first) decreasing any rate of duty to a rate below 50 percent of the rate existing on July 1, 1962, or subparagraph (2) increasing any rate of duty to (or imposing) a rate more than 50 percent above the rate existing on July 1, 1934.

Now, I have been mystified by this paragraph.

Secretary Hodges did not call attention to it in his reply to my questions of yesterday. This says the President shall not increase any duty more than 50 percent above the rate existing on July 1, 1934, which was a high, very high, duty period.

Mr. SHUMAN. Yes.

Senator DOUGLAS. These were the notes before the Hull system of reciprocal trade agreements went into effect. It says he shall not increase them above 50 percent. But I don't see any affirmative declaration that he may increase them.

This would be only indirect inference and I wondered if you have any clear judgment as to the meaning of this paragraph?

Mr. SHUMAN. Well, we assumed that this was in a sense an authorization, because it recognized, it puts a limit on how much he can increase, and of course as you indicate, the Smoot-Hawley level of July 1, 1934, is quite a high level.

Senator DOUGLAS. Very high.

Why isn't it in section 252 then? If you will turn to 252?

Mr. SHUMAN. I wonder, Mr. Chairman, if I might ask Mr. Harris to comment on this—

Senator DOUGLAS. Page 17.

Mr. SHUMAN. This matter is a little bit more technical than I am capable of discussing.

Mr. HARRIS. Mr. Senator, I think this involves two different questions. Under 201 basically we are talking about what action the President is authorized to take in the process of trade negotiations.

Under 252 we are talking about the power that the President has under a unilateral action.

In other words, under trade negotiations he does have the power to reduce the tariffs or to increase the tariffs, in one case the general power to reduce them by 50 percent below the present level, or to increase them by 50 percent over the 1934 level.

Senator DOUGLAS. But with the difference that the decrease is from the 1962 level and the increase is from the 1934 level.

Mr. HARRIS. The power to increase is really substantial there in the process of negotiating with countries.

Under section 252 where he holds a concession has been impaired by an action, nontariff action, or some other action of a country that has given us a concession he has the power to take unilateral action to withdraw concessions or to withhold additional concessions to such a country or instrumentality.

And this power in withdrawing all concessions to that country it would presumably on some items take it clear back to the level of 1934. We would not be able to go above the limit of 1934 under our interpretation of the law under the power vested in him in section 252.

Senator DOUGLAS. Let me see if I understand it.

Are you saying that the earlier section, 201, I think it is, will give the President stronger weapons with which to negotiate agreements?

Mr. HARRIS. Yes, sir; the authority under 201 hinges on section 2106(a) (1) which is the authority to enter into foreign negotiations for trade agreements, and in such negotiations he has the authority to reduce and increase.

Senator DOUGLAS. And under 252 he can only punish infractions of agreements already made?

Mr. HARRIS. Yes, sir. Basically, 252 applies to those countries that apply restrictions which impair concessions which have been given by those countries.

Senator DOUGLAS. Do you believe that our agreements which we have made at GATT and already with the Common Market have made legitimate any practices which the Common Market countries might practice in the field of farm products or coal, for example?

Mr. HARRIS. No, sir; we certainly don't.

Senator DOUGLAS. Would we still have the powers under section 201 to protect us in connection with any restrictions which GATT countries or the Common Market countries might impose on farm products and coal or can we only depend on section 252?

Mr. HARRIS. Well, frankly, I would think that 252 would be your primary weapon in such a case.

This is a case of saying we do have the power and do have the intention of withdrawing.

Senator DOUGLAS. But 252 is much weaker than 201, that is the point, and the question is whether we should put in 252 powers parallel or identical with those provided in 201?

Mr. HARRIS. Well, when you refer to the power as being weaker or stronger, it enters into an area of judgment here, I believe, Senator.

Senator DOUGLAS. Most obviously 201 is stronger than 252 because 252 merely authorizes the withholding of reductions in tariffs. It does not authorize increases in the tariffs. Whereas 201 does authorize increases up to 50 percent above the Smoot-Hawley level which God knows was, I think, too high to begin with.

Mr. HARRIS. Senator, under 252 you not only can withhold concessions, you can withdraw all previous concessions.

Senator DOUGLAS. Where is that?

Mr. HARRIS. Under 252, if you look at the bottom of page 19, under capital (A):

The President shall suspend, withdraw, or prevent the application of benefits of trade agreements concessions to products of any country or instrumentality.

Senator DOUGLAS. Does that mean we could go back to 1934?

Mr. HARRIS. Yes, sir.

Senator DOUGLAS. We could go back to 1934?

Mr. HARRIS. Yes, sir; to the extent that such a concession always represents, I believe, a reduction under the 1930 rate, the power to withdraw such concessions would take you back to the 1930 rate.

Senator DOUGLAS. Have you checked on this?

Mr. HARRIS. Yes, sir; I am pretty sure that is what the language is supposed to mean.

Senator DOUGLAS. Do you remember what the tariff on automobiles was in 1934?

Mr. HARRIS. No, sir.

Senator DOUGLAS. This is one of the few leverages left to us in our dealing with the Common Market. We have given away almost everything else but I believe our tariff on automobiles is 6½ percent.

The Common Market tariff will become either 18 or 22 percent.

Mr. HARRIS. Twenty-two.

Senator DOUGLAS. So bringing our tariff to the same level on automobiles as the European tariff is on automobiles could be a weapon which we could use to force concessions on farm products and on coal. It is highly important for us to establish what the rate on automobiles was in 1934, under Smoot-Hawley. I wondered if Mr. Benson would supply us with that information?

Mr. Benson informs me it was 10 percent although that seems low to me. Well, this would only let us go up part way.

Now, as I said yesterday, I certainly do not want a retaliatory tariff war, because a tariff war in the economic field is comparable to military warfare, but I don't want to disarm America economically or militarily, and I have come to the same conclusion that you have, Mr. Shuman, and Mr. Harris, that we ought to be very tough in these matters particularly in connection with coal and farm products.

I had a long session in Western Germany with the Minister of Economics, Mr. Erhard, and came away extremely discouraged, as I did from meetings in France. I wondered then if you would favor some modification to section 252 to make it parallel with section 201 in the hope the President would never have to use it, but that having it in reserve he might compel a more cooperative attitude on the part of the European countries. I say this in full knowledge of the fact that we have not always been cooperative in these matters, too.

Mr. SHUMAN. Senator Douglas, I think your expression is very much in harmony with our feeling in our strong support for section 252.

We have not discussed this particular point or suggestion. We certainly will give it very careful consideration. We have no position at the present time on this suggestion. But it certainly has a lot of merit.

Senator DOUGLAS. Thank you.

Senator CARLSON. Mr. Chairman.

The CHAIRMAN. Senator Carlson.

Senator CARLSON. Mr. Shuman, I want to follow along the line of the Senator from Illinois, Mr. Douglas.

My own concern about this trade program, and I think we need a trade program, is that agriculture is going to be traded down the river in these negotiations and I was hopeful we could strengthen section 252, and I know of no one better qualified to come up with language and information on this than you in view of your past work in this program.

Do you have any suggestion that will strengthen this section so that agriculture will be protected in these trades?

Mr. SHUMAN. Well, not specifically. But, Mr. Harris, do you want to comment?

Mr. HARRIS. Senator, we feel that section 252 is a tough, mandatory directive to the President. We don't feel that there is any way that the President's hands can be tied or that they should be tied in order to make him do these things.

We do feel we should give him the direction and the authority to do them, and that the congressional intent on this be made clear.

I think from the assurances that we have received from the White House and State Department and others that they feel the same way.

We would hope that this committee would make certain that this is the way they feel, and that they make it a matter of public record that they do intend to use this authority to bargain tough.

I think this is the real area where section 252 could be strengthened, which is by making a strong legislative history for it.

The CHAIRMAN. You mean do that in the report?

Mr. HARRIS. Yes, sir. In the report and, of course, by the question here of this committee.

Senator CARLSON. I notice that Mr. Shuman has some questions about it because in his own statement he said this morning:

The facts make clear that the Common Market will be primarily interested in expanding exports of industrial products. I believe that very firmly.

In the next sentence he says:

The United States on the other hand must place far greater emphasis on agricultural trade.

I think those of us who have followed the agricultural trade program know that in the past some of the negotiations have not followed through on securing concessions for agriculture and particularly in the European Common Market. I think we have some problems. The Senator from Oklahoma mentioned the subsidies; well, of course, they have great subsidies in the Common Market countries for wheat.

As a matter of fact, I think I shall ask, Mr. Chairman, to put in the record, and I happen to have it here, for instance, subsidy on wheat

in Germany, the price on wheat is \$2.69 to \$3.09 a bushel, largely as the result of subsidy, while we have \$2 wheat in this country, so we have real problems.

Mr. Chairman, I am going to ask to have this table made a part of this record. I think it would be interesting to have it because it refers to all of the Common Market countries.

The CHAIRMAN. Without objection.

(The table referred to follows:)

EEC grain: Support prices, 1959-60

[U.S. dollars per bushel]

Country	Wheat	Rye	Corn	Oats	Barley
France.....	2.11	1.58	2.0	0.68	1.39-1.44
West Germany.....	2.68-3.09	2.20-2.58	.....	1.08-1.27	1.88-2.09
Italy.....	2.83	.....	.....	.....	.....
Netherlands.....	2.23	1.84	.....	.05	1.53
Belgium and Luxembourg.....	2.44-2.65	.....	.....	.....	.....

Senator CARLSON. I am sure you are interested also in livestock because coming from the great State of Illinois in the Midwest, there is another problem that I think we are confronted with, and yesterday when Secretary Hodges was before the committee, and I am reading now from the hearings, page 129 of the transcript. I have a great deal—there is my statement—

I have a great deal of correspondence from our livestock people. In fact, I have heard directly from the Kausas Livestock Association, the National Livestock Association.

They are greatly concerned about competing imports of livestock products, not necessarily live cattle, but products and I want to ask you this question.

And I did ask the Secretary this question:

I notice this bill, section 405(4), and I have it right here before me, redefines and I quote now "directly competitive with."

And I asked him this question:

Does this make clear, for example, that the cattle producers can claim injury before the Tariff Commission on the basis of imports of boned beef?

Have you given any thought to that?

Mr. SHUMAN. Yes, sir, and it is our belief that this wording does make it clear that the producers of livestock can make a case based upon the fact that importation of dressed product or some derivative of it is as damaging as direct imports of live animals, and we are very strongly in favor of this being the intent of it, and worded so that it is clear, because this has been a handicap to our livestock industry.

Senator CARLSON. Do you believe that if we are not able to come up with language in the act itself that statements in the report will be sufficient to assure negotiations based on competition that agriculture will get and livestock industry will get a square deal in this?

Mr. SHUMAN. I think that in the past the legislative intent has been a very important fact in the administration of the law, and we certainly hope that this continues, and if any Administrator did not follow the intent as expressed by the Congress we think the Congress ought to take action to straighten that Administrator out.

Senator WILLIAMS. Will the Senator yield?

I was just going to make that suggestion.

Do you not think the bill itself provides adequate authority and what we need in addition to clear legislative intent being established both before the committee and in the report, we need a strong negotiator and it becomes our duty to follow through to see we do get a good strong negotiator who will go into these negotiations with the idea that it must be reciprocal in nature and not just promises.

Mr. SHUMAN. That is the reason why we favor making the chief negotiator Chairman of this Commission. We do not believe that putting somebody who has many other administrative duties in this important post would be the proper approach to the administration of it.

We favor a chief negotiator whose primary responsibility is here and who is Chairman of the ITC.

Senator CARLSON. That is all, Mr. Chairman.

The CHAIRMAN. That is in the bill now, isn't it?

Mr. HARRIS. Yes. The chief negotiator is in the bill, but we favor an amendment which would require that he be made chairman.

The CHAIRMAN. Will you present the amendment?

Mr. HARRIS. Presently, the bill just calls for the Chairman of the ITO, or ITC as we call it, Interagency Trade Council to be a Cabinet officer.

We recommend that this bill be changed—amended—so as to make the special representative for trade negotiation the Chairman of the Interagency Trade Council, and thereby strengthen his job and give him real authority during the prenegotiation stages.

The CHAIRMAN. Senator Gore?

Senator GORE. Mr. Shuman, I think your statement, both written and verbal, can be characterized by the word "clarity."

I congratulate you, sir, upon presenting your views so clearly.

Mr. SHUMAN. Thank you.

Senator GORE. Like many others, you have leaned heavily in justification for passage of the pending bill on the trade relationship between the United States and the Common Market.

In so doing, it seems to me that you have dealt largely with a bilateral situation between the United States and the nations of the Common Market.

Is that correct?

Mr. SHUMAN. I think that is a fair expression.

However, Japan and other countries would also be important. I think it is fair to say we recognize the importance of Japan.

Senator GORE. I was not attempting to draw you into an exclusion of any country.

Mr. SHUMAN. Yes.

Senator GORE. This question was by way of preface to an inquiry as to whether, in your opinion, the power of the United States, the power of the President, to negotiate effectively with the Common Market would be improved by retention of the most-favored-nation provision or by its elimination?

Mr. SHUMAN. We think that it would be improved by the retention of MFN.

Senator GORE. Would you explain your point of view there?

Mr. SHUMAN. We believe that at the present time, with the European Common Market's interest in trying to improve their econ-

omy, we should insist that they also reduce the barriers to trade. The major focal point is not only reducing barriers to the sale of our products abroad, but also in opening markets for some of the products of third countries. The European Common Market group, because of the diversity of their interest, both export and import, will be the focal point, or the lever, for negotiations. To the extent that it helps other people on a bilateral basis it will be of advantage to us. I think this is going to be a major testing point on our negotiations.

I am sure, of course, that there are some areas of trade that would require some bilateral consideration, but the multilateral approach is the basis on which we place our greatest hope.

Senator GORE. As you doubtless know, I, like you, have long been a supporter of the reciprocal trade program. I must confess that the necessity of developing a successful trade relationship with the Common Market has caused me to have a number of questions yet unresolved as to the advisability of the most-favored-nation clause.

Mr. SHUMAN. Well, we are basing our support—or our hopes—on the assumption that we are going to be real tough negotiators. That we are not going to be—

Senator GORE. I don't quite understand you in that regard, Mr. Shuman.

The fact that we would extend to the importation of cameras from Western Germany, a member of the Common Market, a concession, would be limited, it seems to me, by the knowledge that we would thereby also be granting a concession to cameras from Japan without any negotiation with or reciprocal response from Japan. This is just something I give as an example, maybe it isn't a good one. I just tried quickly to give an example of a concession to the Common Market which might in fact be a greater concession to a nation other than a Common Market member.

What I am trying to ask you is, again, are you sure that this capacity to enter into real tough, effective negotiations with Western Europe is helped or hampered by the fact that whatever concessions are made to Western Europe, to the Common Market, must be extended worldwide? Are we not limited in the concessions we can make by the existence of this provision?

Mr. SHUMAN. Well, I think, yes, to some extent; and this again is a matter of weighing pros and cons and a matter of judgment as to the final outcome.

However, I would like to point out that we do have some very real interest in having our negotiations hinge on such an important basis as to require us to appraise the effects of concessions on all other areas of trade.

For instance, you mentioned Japan. It is to our interest, and the interest of the United States, that in our negotiations with Common Market countries we keep in mind that if the Common Market countries do not accept or are unwilling to take Japanese goods, we are then put under pressure to become a more important market for Japanese goods than we might otherwise be.

In other words, the whole picture of trade throughout the world, it seems to me, has to be considered every time we negotiate anything.

Senator GORE. Well, now, the most-favored-nation provision does

not apply to the Common Market. It only applies to the concessions which we make.

Mr. SHUMAN. However, if we make a concession or the Common Market gives a concession, we would expect that to apply to Japan. So I think when we make concessions to Common Market countries, we must consider the impact on all other countries.

Senator GORE. I would certainly agree that we ought to consider it.

While I am saying to you again is that the bilateral nature of the trade between the United States and the Common Market being the chief point of advocacy for passage of this bill, and perhaps the real effect of the passage of the bill, has caused me to wonder about the most-favored-nation clause. I want to give it some more study, and if you have some additional views on it, I would thank you to communicate them.

Mr. SHUMAN. We will certainly give that more consideration.

Senator GORE. Thank you very much.

Like the senior Senator from Illinois, I have been concerned with the signs of discriminatory action by the Common Market against agricultural commodities.

Now, our ability to negotiate to prevent this discriminatory action may be hampered by the most-favored-nation clause. I am not sure. I just wish you would give it some thought.

Mr. SHUMAN. We certainly shall, because we appreciate the importance of this item.

Senator GORE. Now, I have one other observation to make.

I don't wish to draw you into the controversy, but I would like the chairman of the committee to know that on Saturday, when I was home in Tennessee, I went by my tractor dealer's place. I was shopping around for a new tractor for the farm, and there were a number of International Harvester tractors on display all bearing identical trade names, paint, and so forth. I was a little surprised when my friend said, somewhat apologetically, that he felt he must recommend a certain tractor, to which he pointed. As I recall, he said it was made in England.

I don't want to cut off trade with England, but this did strike me as a forceable illustration of the most difficult competition that American industry and business face, when U.S. business concerns with retail outlets in every county-seat town in the United States, manufacture their products abroad, using a well-known trade name, and sell through an established, well-known retail system, and yet receive preferential tax treatment on the money they earn therefor.

I don't wish to draw you into this argument, but it is going to continue, whether you get into it or not.

Mr. SHUMAN. Well, Mr. Chairman, we have no specific position on this particular argument as the Senator probably knows.

Senator GORE. I wasn't asking you to take one.

Mr. SHUMAN. But we are in favor—

Senator GORE. If you were in the Senate you would have to take one.

Mr. SHUMAN. We are in favor of providing the opportunity for foreign produced goods to compete especially for the products which we buy on the farms.

Senator GORE. I will ask you the question then: Do you think it would be fair for American companies, American citizens, to pay as much taxes on the money they make in another country as on the money they make in the United States?

Mr. SHUMAN. Well, I think this depends on what the tax laws are abroad. It seems to me we ought not to unduly handicap the flow of capital throughout the world, if we expect the other countries of the world to have an opportunity to gain in their productive capacity.

Senator GORE. Mr. Shuman, I am not speaking of a handicap, but the incentive. I am speaking of the tax incentive for the movement of industrial production into other countries, and marketing the products thereof in our own country in a manner that presents the stiffest possible competition.

Mr. SHUMAN. I think that any—again, I am not well enough informed in this area to have judgment—but any kind of subsidy or incentive ought to be very carefully weighed, whether it is to agriculture or business or wherever.

Senator GORE. I thought you would get around to that.

Thank you very much.

The CHAIRMAN. Thank you very much, Mr. Shuman, and Mr. Harris.

As you know, I have been a member of the American Farm Bureau, oh, for many, many years, and I know of the fine work your organization has done.

Mr. SHUMAN. Thank you, sir.

Senator GORE. I have been a member of your organization a long time, too, but there have been a few moments, though, when I have threatened to resign.

Mr. SHUMAN. I appreciate the fact—

Senator GORE. But I still pay my dues.

Mr. SHUMAN. Thank you.

Senator GORE. Thank you.

The CHAIRMAN. Thank you, Mr. Shuman.

The next witness is Mr. Carl J. Gilbert, Committee for a National Trade Policy.

STATEMENT OF CARL J. GILBERT, CHAIRMAN, COMMITTEE FOR A NATIONAL TRADE POLICY

Mr. GILBERT. Mr. Chairman and gentlemen, my name is Carl J. Gilbert.

I am chairman of the board of the Gillette Co., but I appear here today as chairman of the Committee for a National Trade Policy. I ask that the full statement and its attachment which have been furnished to the committee be included in the record.

We support this legislation as an urgently needed step to be taken by the Congress.

Without it in our opinion, the Executive will not have power adequate to implement a trade policy in the national interest.

I believe that it is important to make it clear from the outset that the passage of this bill will not in itself frame, formulate, or determine our national trade policy.

The delegation of powers by the Congress to the Executive in this legislation is so broad that the Executive will have a wide choice open to it—to impose quotas on imports as well as to establish rates and tariff structure at a level 50 percent higher than those of the Smoot-Hawley Act on the one hand, or to open up large areas of our trade and commerce to free trade on the other.

I believe that this broad delegation of power is required and, if accompanied by appropriate congressional action to exercise surveillance over the use of these powers by the Executive, is clearly necessary and desirable.

I make this point at the opening of my remarks to emphasize that the bill itself recognizes that this legislation does not establish a national trade policy.

Our national trade policy is yet to be formulated and will never be established by a single act of the Congress or pronouncement of the Executive. Instead it will be formulated and defined by numerous decisions of both the Congress and the Executive on issues, many of which have hitherto been thought of as of domestic concern alone. These decisions, to borrow a phrase from Mr. Justice Holmes, will “together prick out a pattern.”

At the risk of appearing to digress from the business before the committee today, I intend to take a moment to assess the situation in which we now find ourselves at home and abroad, since the facts of our situation determine the problems and the opportunities which our national trade policy must be designed to meet.

That situation is complex and its elements are intimately interrelated. The ultimate objective of the national trade policy which I believe we need perhaps can be simply stated, but the elements of that policy also are intimately interrelated one to another and to virtually every significant domestic policy. Whether or not this bill passes, I believe our position is such that the final acid test of every domestic policy will have to be the expected effect of such policies on the country's foreign economic position.

Continuity of policy and mutual consistency between its essential elements have ceased to be mere desirables; they have become absolute essentials to our future progress.

In the first place, it can be simply stated that foreign trade is of vital importance to our domestic economy. For the economy as a whole, foreign trade represents the differences between good times and bad.

Second, our international financial situation has changed radically. By the end of World War II we had all the “chips.” No mistake we made could affect our solvency. Now our reserves are down to a point not in itself dangerous, when we remember that we still hold over 40 percent of total free world monetary gold, but well past the point where it becomes dangerous for us not to be ready to accept the fact that our international solvency must be a dominant consideration in shaping domestic policy.

Current budgetary policies and our easy money credit policies must be closely and continuously examined for their effects on our international financial position. We are no longer so rich that our creditors merely smile at our foibles.

Today our international credit depends on what we do and how we do it, not on a gold reserve so large as to cover up our errors.

The third point is that the competitive strength of American industry in foreign markets depends in large measure on the domestic policies of the U.S. Government.

Our future will, therefore, depend on our ability as a nation to recognize and respect the interplay of these forces, to reach for and apply sound, consistent answers to our problems, to learn that there are no easy magic solutions, to exercise restraint in the intervention of Government in the operation of the marketplace and in the share which the Government takes of the fruit of industry and labor, and above all, to realize that stability and consistency of policy is a prerequisite to confidence.

On these abilities our future in world trade will, in my opinion, depend.

The trade agreements program has already lowered trade barriers in our country and the countries with which we have negotiated on a reciprocal basis.

Through it we have been successful in building reasonable order in international trade out of the turmoil that followed World War II. However, we now face vast forces in world trade which can be met only by a revitalized U.S. trade policy.

The United States can best maintain its markets in these areas—and in other ways keep in step with the quickened pace of economic change abroad—by developing a trade policy that emphasizes economic expansion and the freer flow of goods in international commerce.

It is only that kind of policy, as reflected in the statement of purposes of the bill now before your committee, that can permit the continued effectiveness of the General Agreement on Tariffs and Trade—the only multilateral framework available through which the formation of new trading blocs can be guided to constructive ends and this country's farflung trading interests can be protected.

It is only with this kind of bill that we can cope effectively with the important changes taking place in the tariff of European countries, to whom we sold over \$6.8 billion of nonmilitary goods in 1961.

The bill before you is designed to preserve and strengthen these links by providing the President with special authority to negotiate down tariffs on certain commodities without regard to the 50-percent general limit of the act.

This section recognizes the great changes that have taken place since trade agreements legislation was last enacted in Congress. The European Economic Community, then a doubtful experiment, has become a resounding success.

It has moved with great vigor toward the reduction of internal tariffs, reducing them by 50 percent on industrial commodities and 30 to 35 percent on agricultural commodities. Complete elimination of internal tariffs well before the end of the decade is likely. The special authority on this act will enable us to benefit by opening up this new and vigorous market through the elimination of tariffs.

We are faced with the opportunity to share in the growth of the new Europe and in doing so accelerate our own growth at home, or the danger of losing the markets which we have established there. We are now at the crossroads and must choose our way. One road leads to challenge and opportunity—the other to disillusionment and defeat.

Which road do we choose? The answer seems obvious and the need for the enabling legislation in H.R. 11970 is imperative.

Let me first remind you that the tariff structures of the six nations now in the Common Market differ widely one from another.

By moving to a common external tariff set at the arithmetical average of the individual tariffs of the members, it follows that the effective tariffs will be raised in those markets in which we have traded with relative freedom and lowered in those countries where previous tariffs have handicapped us as a trading nation. All this is going on in pace with a progressive lowering of internal tariffs, moving toward their elimination.

It is clear that in all too many instances the differential between the new common external tariffs and the ultimate internal free trade will exclude or seriously handicap the trade of nonmembers with traditional markets.

Attached to my full statement is a technical study prepared by the Committee for a National Trade Policy of the tariff handicaps American industry will face in the EEC's common external tariff. We regard this study as an extremely important indicator of the problems we will face and of the policy instruments needed to cope with them.

These are the dangers.

The proposal for a more liberal trade policy will allow us to ward off these dangers and claim our share of the expanding world economy. We feel that H.R. 11970 will give the administration adequate and appropriate power which, if wisely and effectively employed, will allow us to compete in these markets and that such a policy meets the tests of promoting our domestic economy while maintaining our leadership in the free world. We must move quickly to take advantage of a situation which will become more difficult as time passes.

The actions that we take in reducing the indirect subsidies of tariffs may be painful to some companies in some industries. Weaning these away from dependence on the protection against competition and the consumer-paid subsidy of the tariff can be assisted by marshaling the resources of the country to aid in their transition.

This is the role of title III of the bill.

It is an aid to ease the dislocations attendant upon a reduction in tariff subsidies. It is temporary. Its purpose is to assist the economic unit—the firm—and allow it to make a new start.

In addition it provides aid to workers displaced by competition resulting from the lowering of the tariff. We strongly endorse the principle of adjustment assistance and want to emphasize the soundness of what I interpret to be the temporary and diminishing character of such assistance.

For the first time we now have a substitute for increased tariffs in those cases where injury has been caused by imports.

Under the existing law the escape clause, as amended over the years, is a device which can authorize an increase in tariffs for particular products or for segments of industries without reference to the economic situation of the industry as a whole, or its ability to shift production into other lines.

Genuine concern has been expressed by some over the broad delegation of congressional authority to the President. The basic authority to reduce tariffs has been in the law since 1934, through 11 renewals

of the act. This act does go beyond prior acts in providing special authorities to reduce tariffs by more than 50 percent on commodities in which the United States and EEC accounted for 80 percent or more of world trade; on tropical agricultural products not produced in significant quantities in the United States; and on items with an existing tariff of 5 percent or less.

The EEC authority is designed to meet the challenge of that customs union by allowing us to trade on an equal basis with member countries by negotiating to zero the external tariff.

The tropical commodity authority is aimed at increasing the export earnings of less developed countries, and the low rate authority is aimed at eliminating nuisance tariffs. All of these objectives merit this delegation of authority.

I submit that the Congress should show its concern not by denying these essential authorities but by maintaining a close surveillance over the use of these powers.

It should be looking over the Executive's shoulder to see that they are exercised properly. Review of newly negotiated agreements is not the way to do it.

Rather the Congress should establish a regular mechanism through which it can keep closely informed on the progress of the trade program, that is, the program in its entirety, not just the tariff part of it.

The Congress, itself, is the best judge of how this can be accomplished, but it seems to me that the Congress should provide a "watchdog" provided with competent staff to insure that progress is made in our trade expansion policy and to make certain that domestic policies are coordinated with our international objectives.

The congressional watchdog could be an effective method of exercising surveillance. One of the basic responsibilities of such a group should be the review, including appropriate hearings, of the President's annual report on the trade expansion program required by section 402.

The report which the bill requires the President to submit to the Congress each year should cover much more than the bill seems to suggest. It would be wise, in my opinion, to have the act require that the President, in his annual accounting to the Congress on this program, analyze the overall foreign trade position of the United States during the year under review.

This should be not only an analysis of export and import patterns but an appraisal of the way in which the economy has adjusted or failed to adjust to import competition, and capitalized or failed to capitalize on export opportunities.

If the Congress does not require such a comprehensive review, I hope the President will recognize the merits of such an accounting and produce that kind of report voluntarily.

Through such a report, both the President and the Congress would have a better idea of the progress we are making in this program, and of ways in which the program might be strengthened through changes in domestic policy as well as through international consultation.

It seems to me that both the Congress that delegates authority as important as the authority provided in this bill, and the administration that seeks it, should welcome this vehicle for close cooperation between the executive and legislative branches of Government.

While the Committee for a National Trade Policy feels that this is a very strong bill, there are certain additional ways in which, in our opinion, it can be improved.

The bill requires the President to appoint a special representative for trade negotiations. He will hold office at the pleasure of the President and have the rank of ambassador. This special representative for trade negotiations will be chief U.S. representative at all trade negotiations carried on under the powers granted in the bill before you.

The bill also establishes a Cabinet level Interagency Trade Organization to assist the President in carrying out the functions granted to him. This represents an expansion of the existing Trade Policy Committee.

While these provisions, added by the House Ways and Means Committee, are a great improvement over the administration bill, they also bring to the fore some problems which are best faced now prior to the time the bill before you is crystallized as the law of the land. If there is one idea I can urge for your consideration today, it is that America faces a future of greater integration into a growing and prosperous world economy.

We avoid such engagement only at our own economic peril. Increasingly as time passes our domestic policies in agriculture, labor, regulatory controls, patents, antitrust actions, and taxes will have to be developed with an eye to their effects on our economic relations with the rest of the world.

Yet we have no effective mechanism for focusing the attention of policymakers in the Executive on the implications of their decisions on the U.S. posture in the world economy.

In my opinion, the President's special representative for trade negotiations, as his role is conceived in H.R. 11970, is an important step in meeting this need.

The President, in his letter of May 12 to the very able chairman of the House Ways and Means Committee, recognized a broader task when he said:

In my judgment, the major trade negotiations under this act will require a high degree of leadership and coordination in the executive branch, reflecting the judgment of both those who conduct our foreign policy and of those whose responsibility it is to advance the interests of American business, labor, and agriculture.

So great are the tasks before us in finding our place in the growing free world economy that I conceive the role of the special representative of equal importance to that of a Cabinet officer and the office should be elevated to that rank.

In fact, the President stated in his letter to Chairman Mills that he intended to maintain an—

immediate and power interest in the above-mentioned areas of coordination, particularly through the work of the special representative of the President.

Thus, although the President has indicated his desire to have the Secretary of Commerce as Chairman of the new Interagency Trade Organization, it might be well to consider the possibility of the new special representative as the occupant of that post.

Since the special representative is already charged with seeking information and advice from industry, agriculture, and labor, as well

as the agencies of Government in carrying out his responsibilities, it would seem to be the dictate of logic that he head the committee concerned with advising on trade policy and be responsible for coordinating and administering that part of the act dealing with trade policy.

Of course, the President should independently review any escape-clause appeals resulting from tariff reductions negotiated by the special representative.

Since my time is running out, I would like to summarize amendments of the bill which we recommend and rely on my prepared statement for a more complete exposition and justification. The amendments are as follows:

(1) *Section 202 and 253.* Low rate articles authority and staging requirements: Amend to allow a minimum annual reduction of 1 percent ad valorem of tariffs under this authority to avoid complexities in calculation.

(2) *Section 225.* Reserve list: Amend to allow nontariff adjustment assistance to be utilized as an alternative to commodities being placed on reserve list.

(3) *Section 232.* Safeguarding national security: Amend to require the Executive to seek solutions to the problems making tariff shelter necessary with a view to eventually terminating such shelter.

(4) *Section 241.* Special representative for trade negotiations: Amend to elevate the role of chief negotiator to Cabinet rank and to concentrate in him the coordination and administration of the powers delegated to the President in the act other than adjustment assistance and escape clause, and empower him to advise the President on the impact of domestic policies on our international trade.

(5) *Section 242.* Interagency Trade Organization: Amend to require special representative to serve as Chairman.

(6) *Section 201.* Tariff Commission investigations and reports: Amend to require that Tariff Commission reports in escape-clause cases and Presidential proclamations in escape-clause action be based on industry data no more than 6 months old.

(7) *Section 323.* Weekly amounts (adjustment assistance): Amend to require full Federal payment of adjustment allowances in place of partial State and Federal to those workers eligible for State unemployment compensation.

(8) *Section 351.* Tariff adjustment authority: Amend to provide that any tariff protection given shall automatically be reduced, over the period found to be necessary to complete the adjustment, in stages decreasing to zero at the end of the period unless the President authorizes other treatment.

(9) *Section 402(2).* Reports: Expand to require President to include an appraisal of the overall U.S. position in world trade and the impact of domestic policies on our international trade.

In summary, let me say that international trade presents a great opportunity for increasing our domestic prosperity.

We are entering a new era of expanded world trade which holds promise for those willing and able to claim their share.

Our ability to compete will depend in large measure on the ability of our Government to encourage economic expansion at home providing a strong base from which we can strengthen our competitive position abroad.

This means monetary and other policies consistent with the need to preserve our international solvency. This also demands a reasonable regard for the effects of Government actions on prices and incentives.

But no government can force a business to make itself competitive. Management and labor bear this responsibility on their own shoulders. The least we should insist on of our Government is that it hold to a minimum actions by government which prevent a business from realizing its full potential ability to compete in a free market or which protect business from the consequences of its failure to develop its maximum potential.

We are confident that most of American business will see the tremendous opportunities that are clearly in sight, and will sense the national purpose to which all of American business must contribute and from which all stand to benefit.

A private enterprise system that fears tough competition and seeks relief or extended "breathing spells" by government action is not a free enterprise system in the American sense.

Let us not proceed into this new era of international economic relations with fear, and above all, let us not fear to proceed with vigor and imagination—to capitalize on the many opportunities that are well within reach.

We believe that H.R. 11970 will provide a sound basis for an expanded foreign trade. It recognizes the changed world of the 1960's of which the most dramatic feature is the emergence of a new large economic entity in Europe.

Thank you very much.

The CHAIRMAN. Thank you very much.

Any questions?

Senator DOUGLAS. Mr. Gilbert, I want to congratulate you and your organization for the general position which you have taken in the past on reciprocal trade.

Mr. GILBERT. Yes, sir.

Senator DOUGLAS. And your support, general support of the Trade Expansion Act. I have always felt that exporting industries generally did not adequately present their point of view, and I am very glad that your organization primarily composed of exporters, as I understand it, has stressed the importance of broadly expanded trade.

As I mentioned a while ago in my colloquy with Mr. Shuman, I think we must face the fact that, and your statement confirms it, that our exports will suffer an immediate disadvantage in the Common Market because the common external tariff will place our exports at a relative disadvantage compared with the present access of the countries inside the Common Market.

I would like to ask whether in addition to these higher tariffs, lower absolute tariffs but higher relative tariffs, you feel the European countries have removed the other nontariff restrictions in the form of quotas and import licenses?

Mr. GILBERT. I have no expert knowledge or background really in the agricultural area in which I know this is a problem.

I would say, generally speaking, quotas, import restrictions, exchange controls were no longer a serious problem as far as the export of manufacturers.

Senator DOUGLAS. Is this true of France?

Mr. GILBERT. I think so, yes, by and large.

Senator DOUGLAS. For a long time has it not been true that France controlled imports through import licenses?

Mr. GILBERT. That is correct.

Senator DOUGLAS. Have those import licenses been done away with?

Mr. GILBERT. Pretty generally is my impression, sir. Of course, France until about a year or a year and a half ago, had very serious balance-of-payments problems which really forced them to maintain tight controls on the use of foreign exchange, but with the increased financial and economic strength of France beginning about 2 years ago, I am under the impression that France is now clear.

Senator DOUGLAS. Now, your company is a large exporter, is it not?

Mr. GILBERT. We are. We are very, very active abroad, something in the order of magnitude, although varying each year, of 40 percent of our business will be earnings from abroad.

We are, however, very substantial manufacturers abroad, and—

Senator DOUGLAS. You satisfy the foreign demand from foreign production or from export of goods, of razors manufactured in the United States?

Mr. GILBERT. We do some of each. But the preponderance will be from abroad.

Senator DOUGLAS. Yes.

Now, are you saying that you do not find barriers thrown in the way of importation of American razors from France through import licenses?

Mr. GILBERT. Not today; no, sir.

Senator DOUGLAS. You may have heard my colloquy with Mr. Hodges and with Mr. Shuman this morning as to whether you think the powers granted to the President under section 252 are adequate to induce the Common Market to let up on the barriers which they impose toward the export of American coal and farm products.

Mr. GILBERT. I would have been inclined to think so. Perhaps I should point out, I don't hold myself out as any expert on these areas.

Senator DOUGLAS. We are none of us experts.

Mr. GILBERT. I do, however, feel that the basic pattern of success or failure in our dealing with the Common Market will more depend on an indication on the part of this country that we really mean it and that we go in there with a full, adequate list of our items to negotiate on, with a strong, tough negotiator who is going to work hard. I think the fact that so many of these policies are now in the process of formation in the Common Market—their agricultural policy is beginning to freeze—contributes to my mind a heavy degree of urgency that whatever is done be done fairly promptly.

Senator DOUGLAS. I would agree with you on that.

Mr. GILBERT. And I wonder how effective a threat will be as against the force of a really heavy negotiation tied in with various foreign policy considerations on the part of the European governments, I don't know. They will each have value.

Senator DOUGLAS. In my colloquy with my—with Secretary Hodges yesterday I quoted Adam Smith who was, I suppose, the modern founder of the free trade doctrine.

Mr. GILBERT. Yes, sir.

Senator DOUGLAS. In which he said there were two ways to get an international reduction of tariffs: One was for a country to lead off, reducing tariffs in the hope this would induce other countries to reduce—this was the method followed by Richard Cobden and the anti-corn law in England—and the other and successful for a time, but not ultimately successful, the other method, said Smith, was to threaten to increase your tariffs unless the other countries reduced theirs, and Smith concluded with a flash of humor which is somewhat rare among economists, that the choice as to which of these methods was to be used was not for the economist to make but for that crafty and insidious animal, vulgarly termed the “statesman” or “politician.” [Laughter.]

Now, might it not be well for the President to have in reserve the possibility of increasing rates if, by price manipulations, Germany and France keep the price of wheat high, bar the importation of frozen chickens, keep down the importation of soybean oil and feed grains, get their tobacco from Turkey and Greece rather than from the United States, and shut off the importation of American coal all of which things they are now doing?

Now, if the President simply says, “Well, if you are a bad boy, you won’t get this reduction,” is that a stronger weapon than, say—he need not say it, I imagine Europeans have their observers present at this hearing this morning—can he not imply or someone can imply, that he has after all a switch in the closet which he can use and he can squeeze the Europeans on automobiles if they don’t let up on soybeans, wheat, frozen chickens, feed grains, tobacco, coal, and so on?

Mr. GILBERT. I am not sure how big the switch is that he has in 252.

Senator DOUGLAS. You brought out in the case of automobiles it is a very significant switch.

Mr. GILBERT. Yes.

Senator DOUGLAS. Six and one-half percent is our tariff and that the most under 252 he could go up to 10 percent.

Mr. GILBERT. On automobiles up to 10, yes.

Senator DOUGLAS. Whereas the European rate is 18 to 22, and we could simply ask for the right to equalize our tariff with theirs. This would not be retaliatory, it would be merely tariff equalization, yet it would be quite a blow to Germany and France, and Germany and France are at the center of our difficulties on this farm question.

The Christian Democratic Party in Germany which is in power is supported on the one hand by the coal and steel magnates who want to keep out American coal and on the other hand by the Bavarian small farmers who want to have, want to supply themselves with wheat, and I believe the price of wheat in Germany is now \$3 a bushel—I think that is approximately right.

Now, the French Government gets a great deal of its support from the French peasants and French farmers who are looking forward to monopolizing the European market in farm products.

In fact, I think the inner secret of the Common Market is that France has agreed to let German-manufactured goods into France, and has some kind of a pledge, I don’t know whether it will be honored, but has some kind of a pledge that her farm products be permitted into Germany.

Now, the Europeans are very strong for Europe for the Europeans. This is a rough world.

Mr. GILBERT. I have no feeling of whether the powers under 252 really give him a large enough switch to be valuable. I think there could be some difficulties in having not a switch but a club because it might set the wrong atmosphere.

Senator DOUGLAS. Yes, this is the danger of armaments.

Mr. GILBERT. I don't know as to whether it can be switch or club, I don't know.

Senator DOUGLAS. But can we afford to be disarmed?

Mr. GILBERT. Certainly not.

Senator DOUGLAS. That is all.

The CHAIRMAN. Thank you very much, Mr. Gilbert.

(The statement and attachment previously referred to follow:)

STATEMENT OF CARL J. GILBERT, CHAIRMAN, COMMITTEE FOR A NATIONAL TRADE POLICY IN SUPPORT OF H.R. 11970, THE TRADE EXPANSION ACT OF 1962

My name is Carl J. Gilbert of Dover, Mass. I am chairman of the board of the Gillette Co., but I appear here today as chairman of the Committee for a National Trade Policy. This committee was created in September 1953 to promote public understanding of the issues our country faces in its trade relations with the rest of the world, and of the leadership role the United States must exercise in the reduction of trade barriers. It draws its support from all sections of the United States and all levels of American business. It enjoys the support of representatives of most sectors of American economic life, and it has worked in close cooperation with many national and local organizations representing agricultural, commercial, labor, consumer, and civic interests. In 1962 we support this legislation as an urgently needed step to be taken by the Congress. Without it the Executive will not have power adequate to implement a trade policy in the national interest.

I believe that it is important to make it clear from the outset that the passage of this bill will not in itself frame, formulate, or determine our national trade policy. The delegation of powers by the Congress to the Executive in this legislation is so broad that the Executive will have a wide choice open to it—to impose quotas on imports as well as to establish rates and tariff structure at a level 50 percent higher than those of the Smoot-Hawley Act on the one hand, or to open up large areas of our trade and commerce to free trade on the other. I believe that this broad delegation of power is required and, if accompanied by appropriate congressional action to exercise surveillance over the use of these powers by the Executive, is clearly necessary and desirable.

I make this point at the opening of my remarks to emphasize that the bill itself recognizes that this legislation does not establish a national trade policy. Our national trade policy is yet to be formulated and will never be established by a single act of the Congress or pronouncement of the Executive. Instead it will be formulated and defined by numerous decisions of both the Congress and the Executive on issues, many of which have hitherto been thought of as of domestic concern alone. These decisions, to borrow a phrase from Mr. Justice Holmes, will "together prick out a pattern."

At the risk of appearing to digress from the business before the committee today, I intend to take a moment to assess the situation in which we now find ourselves at home and abroad, since the facts of our situation determine the problems and the opportunities which our national trade policy must be designed to meet. That situation is complex and its elements are intimately interrelated. The ultimate objective of the national trade policy which I believe we need perhaps can be simply stated, but the elements of that policy also are intimately interrelated one to another and to virtually every significant domestic policy. Whether or not this bill passes, I believe our position is such that the final acid test of every domestic policy will have to be the expected effect of such policies on the country's foreign economic position. Continuity of policy and mutual consistency between its essential elements have ceased to be mere desirables; they have become absolute essentials to our future progress.

WHAT IS THE SITUATION WE FACE?

First. Foreign trade is of vital importance to our domestic economy: There has been a rapid evolution of our trading position since the mid-1950's. For years we had it all our own way while Europe was rebuilding its industrial capacity. These were the years of the "dollar gap" about which we heard so much. After the rebuilding of Europe was complete, we still had the advantages stemming from the size of the American market—the economies of large-scale production and the volume to support highly sophisticated engineering and research. We held a tremendous technological advantage here in both product and methods. Now industry in the new Europe of the Common Market also has the advantage of large-scale production serving a large market. As a result, their technology and its use in industry is developing rapidly. Unfavorable factors in the U.S. economy now become particularly serious and we must find new ways to stay competitive.

In 1961 merchandise exports of the United States, excluding military aid, amounted to 4.3 percent of our gross national product, while our merchandise imports were only about 3 percent of GNP. Despite the small proportion of existing national output involved in foreign trade, it is of tremendous importance to large sections of the American economy. Approximately 15 percent of the cash income of American farms, 1 out of 6 acres planted, is attributable to exports. Typically, manufactured goods exported are those of the high-wage, growth industries which have contributed so much to domestic prosperity. In the heavy transportation equipment industry over one-half of the locomotives produced in 1960 were exported. In the chemical industry, 35 percent of the carbon black produced was exported. In the machinery industry, one-third of all construction, mixing, and oilfield machinery was exported. For the economy as a whole, foreign trade represents the difference between good times and bad.

Second. Our international financial situation has changed radically: By the end of World War II we had all the chips. No mistake we made could affect our solvency. Now our reserves are down to a point not in itself dangerous, when we remember that we now hold over 40 percent of total free world monetary gold, but well past the point where it becomes dangerous for us not to be ready to accept the fact that our international solvency must be a dominant consideration in shaping domestic policy. Current budgetary policies and our "easy money" credit policies must be closely and continuously examined for their effects on our international financial position. We are no longer so rich that our creditors merely smile at our follies. Today our international credit depends on what we do and how we do it, not on a gold reserve so large as to cover up our errors.

Third. The competitive strength of American industry in foreign markets depends in large measure on the domestic policies of the U.S. Government.

Our complex social, economic, and political structure has in its evolution created numerous areas in which governmental intervention in the marketplace becomes a major factor in the competitive race. I am no proponent of *laissez faire*, but the final test of the degree and kind of intervention must in the future lie in the answer to questions such as:

What effect does a proposed action or existing policy have on our ability to compete in world markets?

What are the effects of social policies on production costs?

What are the effects of farm policies on price and wage levels and on the costs of raw materials?

What are the effects of tax laws and tax administration on the ability of industry to regenerate its strength—on incentive to risk taking and effort?

And a thousand others.

Our future will depend on our ability as a nation to recognize and respect the interplay of these forces, to reach for and apply sound, consistent answers to our problems, to learn that there are no easy magic solutions, to exercise restraint in the intervention of Government in the operation of the marketplace and in the share which the Government takes of the fruit of industry and labor, and above all, to realize that stability and consistency of policy is a prerequisite to confidence. On these abilities our future in world trade will, in my opinion, depend.

I appear before you today to strongly support H.R. 11970, the Trade Expansion Act of 1962, and urge your early and favorable report so that it may be

passed in this session. The trade bill is one of the most thoroughly debated issues before the American public today. There were 4½ weeks of testimony involving scores of witnesses before the House Ways and Means Committee and long weeks of testimony are expected here. The daily press, the magazines, radio, and television have carried the issue to the general public to an unprecedented extent. Hardly an American is unaware that the Common Market forces a reshaping of our trade policy. The principal features of the bill are as follows:

First: It provides the President with basic authority to decrease tariffs by 50 percent below the level on July 1, 1962, and allows him to increase tariffs to a point 50 percent above the level of July 1, 1934. It also authorizes the imposition of quotas.

Second: It authorizes the President to reduce tariffs by more than 50 percent on commodities in which the United States and the European Economic Community together account for 80 percent or more of world trade. This authority also extends to tropical agricultural products not produced in the United States and to tariffs of 5 percent ad valorem or less.

Third: It provides for a list of articles to be reserved from negotiation because of prior or future proclamations under the national security provisions or escape-clause actions based on current findings of the Tariff Commission.

Fourth: It preserves the present national security provisions and provides authority to increase tariffs as a result of Tariff Commission findings. It further provides for congressional review and veto in cases where the President decides against the tariff protection recommended by the Tariff Commission.

Fifth: It provides for a chief negotiator, a Cabinet level interagency trade organization, and the accreditation of Members of the House and Senate to trade agreements delegations.

Finally: It provides as an alternative to tariff protection a program of assistance to workers and businesses hurt by import competition, designed to allow them to adjust to those competitive forces.

In my opinion, this act provides the vehicle for developing a foreign trade policy in the national interest.

As I see it, the foreign trade policy best calculated to serve the national interest is one that forthrightly and consistently liberalizes this country's trade with the rest of the free world. This calls for more than a trade policy that is merely nonrestrictive. The imperatives of 1962 call for a trade policy that is vigorously expansive; one that recognizes that competition both within and without our national borders is the life of trade and a major stimulant to domestic progress.

The record shows that the United States is capable of a long-term, confident policy of trade liberalization; not as a mere gesture of international friendship, but as a necessity. Balance-of-payments consideration call for even greater gains than those we have already made in the expansion of our export trade. From the industrialized countries we must have a more equitable sharing of aid—both to the weaker nations and in supporting the military forces necessary for the security of the free world community.

The trade agreements program has already lowered trade barriers in our country and the countries with which we have negotiated on a reciprocal basis. Through it we have been successful in building reasonable order in international trade out of the turmoil that followed World War II. However, we now face vast forces in world trade which can be met only by a revitalized U.S. trade policy.

One of our great achievements of the postwar period has been the restoration of economic health to those free nations that suffered the ravages of war. They are moving with speed and determination worthy of the aspirations of free peoples. "Common markets" and "free trade areas"—those that have been negotiated and many more that may emerge—are a forthright expression of that determination.

The United States can best maintain its markets in these areas—and in other ways keep in step with the quickened pace of economic change abroad—by developing a trade policy that emphasizes economic expansion and the freer flow of goods in international commerce. It is only that kind of policy, as reflected in the statement of purposes of the bill now before your committee, that can permit the continued effectiveness of the General Agreement on Tariffs and Trade—the only multilateral frame work available through which the formation of new trading blocs can be guided to constructive ends and this country's farflung trading interests can be protected. It is only with this

kind of bill that we can cope effectively with the important changes taking place in the tariff of European countries to whom we sold over \$6.8 billion of nonmilitary goods in 1961.

The U.S. interest in the European Common Market is dictated by its economic ties to it as well as by the political benefits flowing from a Europe that is strong, free, and friendly. The extent of our economic stake in Western Europe can be illustrated by a few simple figures. In 1960, 19 percent of our exports went to the six-nation EEC and 16 percent went to the European free trade area. We, in turn, were the recipients of 20 percent of EEC exports and 17 percent of EFTA exports. In 1960 Americans had direct investments of \$6.4 billion in the two groups and their nationals had investments of \$4.6 billion in the United States. These are strong links between their economies and ours. In the future, these links can become even stronger as the domestic prosperity within the new Europe generates new income and trade.

The bill before you is designed to preserve and strengthen these links by providing the President with special authority to negotiate down tariffs on certain commodities without regard to the 50 percent general limit of the act. This section recognizes two great changes that have taken place since trade agreements legislation was last enacted in Congress. The European Economic Community, then a doubtful experiment, has become a resounding success. It has moved with great vigor towards the reduction of internal tariffs, reducing them by 50 percent on industrial commodities and 30 to 35 percent on agricultural commodities. Complete elimination of internal tariffs well before the end of the decade is likely. The special authority on this act will enable us to benefit by opening up this new and vigorous market through the elimination of tariffs.

It is axiomatic that economic growth generates trade. The necessary condition for growing links between the United States and Europe is that both maintain a high rate of growth. Because of the size of the U.S. market and the position of the United States as the other great industrial unit of the free world, the U.S. position on international trade should be a vitally important influence in shaping the attitudes of the EEC. If the United States is disposed toward liberal trade policies, it is likely the EEC will also be so disposed. A contrary policy on the part of the United States would almost inevitably turn the EEC toward isolating themselves behind their common external tariff wall. We are faced with the opportunity to share in the growth of the new Europe and in doing so accelerate our own growth at home, or, the danger of losing the markets which we have established there. We are now at the crossroads and must choose our way. One road leads to challenge and opportunity—the other to disillusionment and defeat. Which road do we choose? The answer seems obvious and the need for the enabling legislation in H.R. 11970 is imperative.

I have been speaking in general terms of the alternatives between which we must choose—between acceptance of opportunity and challenge on the one hand and, on the other, of underrating the strength and versatility of our agriculture and industry so that we fear to compete in world markets. I sincerely believe that these observations are valid. Let me try to be specific.

Let me first remind you that the tariff structures of the six nations now in the Common Market differ widely one from another. By moving to a common external tariff set at the arithmetic average of the individual tariffs of the members, it follows that the effective tariffs will be raised in those markets in which we have traded with relative freedom and lowered in those countries where previous tariffs have handicapped us as a trading nation. All this is going on in pace with a progressive lowering of internal tariffs, moving toward their elimination. It is clear that in all too many instances the differential between the new common external tariffs and the ultimate internal free trade will exclude or seriously handicap the trade of nonmembers with traditional markets.

Let's look at organic chemicals as one example. Our exports in 1960 of organic chemicals to the Common Market countries (based on EEC data) were approximately \$124 million. Of this, however, 50 percent went to Benelux where the tariff against us was about 2½ percent. The tariff adjustments of the Common Market will result in increasing the tariff on these exports to Benelux to approximately 14 percent at the same time that tariffs against exports of organic chemicals from other Common Market countries will go to zero. How well we can trade against a tariff differential of this magnitude, having in mind

that we are several thousand miles further away than our European competitors, only time can tell, but it is not a happy prospect. On the other hand, if this country can successfully negotiate relative tariff parity of position in this trade, a much larger market than before offers its opportunities to our exporters.

The same dangers and opportunities exist in our export trade in textile, agricultural and metal working machinery, aircraft, motor vehicles, and many other industries in which the efficiency and the ingenuity of design of American production has opened up large continental markets. These are illustrated in the technical supplement to this statement which I offer for insertion in the record. It is a study prepared by the Committee for a National Trade Policy of the tariff handicaps American industry will face in the EEC's common external tariff. We regard this study as an extremely important indicator of the problems we will face and of the policy instruments needed to cope with them.

These are the dangers. The proposal for a more liberal trade policy will allow us to ward off these dangers and claim our share of the expanding world economy. We feel that H.R. 11970 will give the administration adequate and appropriate power which, if wisely and effectively employed, will allow us to compete in these markets and that such a policy meets the tests of promoting our domestic economy while maintaining our leadership in the free world. We must move quickly to take advantage of a situation which will become more difficult as time passes.

The actions that we take in reducing the indirect subsidies of tariffs may be painful to some companies in some industries. Weaning these away from dependence on the protection against competition and the consumer-paid subsidy of the tariff can be assisted by marshaling the resources of the country to aid in their transition. This is the role of title III of the bill. It is an aid to ease the dislocations attendant upon a reduction in tariff subsidies. It is temporary. Its purpose is to assist the economic unit—the firm—and allow it to make a new start. In addition it provides aid to workers displaced by competition resulting from the lowering of the tariff. We strongly endorse the principle of adjustment assistance and want to emphasize the soundness of what I interpret to be the temporary and diminishing character of such assistance.

For the first time we now have a substitute for increased tariffs in those cases where injury has been caused by imports. Under the existing law the escape clause, as amended over the years, is a device which can authorize an increase in tariffs for particular products or for segments of industries without reference to the economic situation of the industry as a whole, or its ability to shift production into other lines.

Under the terms of the proposed legislation whole industries in the full economic sense must qualify for relief through increased tariffs. Individual firms or individual products produced by multiproduct firms must have as their first avenue of relief the adjustment assistance route. This, of course, includes the workers in such firms. Tariff relief under circumstances where an entire industry cannot show injury from imports represents a windfall for the industry leaders and affords no permanent solution to the problems of those in the industry who cannot compete.

The bill will thus spur American producers to adjust quickly to new import situations, provide Government assistance when such an effort is beyond their means, and minimize both the need for withdrawal of tariff concessions and the time during which such withdrawal, when it is found to be essential, is continued in effect.

The bill provides the necessary flexibility in tariff negotiations, and the ways and means of finding solutions to problems of import competition without compromising the interest of the Nation in sustained trade liberalization.

During the months this bill has been before the Congress, many able and sincere men have raised questions about it. I would like to briefly discuss some of the principal objections voiced.

OPPOSITION TO RECIPROCAL TRADE

There are some who honestly feel that reduction of tariffs is bad for the American economy. This attitude reflects their lovely dream, one which they openly disavow yet by implication entertain, that we can return to a more placid time when America could shield itself from the world and pursue the ends of peace and prosperity, in more or less self-sufficient isolation. Those that have this view simply refuse to face facts. By 1920, it was already too late for this attitude, and since then we have long passed the point of no return. The

mistakes made in the Fordney-McCumber and Smoot-Hawley Acts stemmed in part from a failure to recognize that America had become too big and powerful to withdraw. We have repaired the damage of those mistakes; let's not make them again.

OPPOSITION TO THE DELEGATION OF CONGRESSIOINAL AUTHORITY

A more realistic concern is the genuine fear expressed by some over the broad delegation of congressional authority to the President. The basic authority to reduce tariffs has been in the law since 1934, through 11 renewals of the act. This act does go beyond prior acts in providing special authorities to reduce tariffs by more than 50 percent on commodities in which the United States and EEC accounted for 80 percent or more of world trade; on tropical agricultural products not produced in significant quantities in the United States; and on items with an existing tariff of 5 percent or less. The EEC authority is designed to meet the challenge of that customs union by allowing us to trade on an equal basis with member countries by negotiating to zero the external tariff. The tropical commodity authority is aimed at increasing the export earnings of less developed countries, and the low rate authority is aimed at eliminating nuisance tariffs. All of these objectives merit this delegation of authority.

I submit that the Congress should show its concern not by denying these essential authorities but by maintaining a close surveillance over the use of these powers. It should be looking over the Executive's shoulder to see that they are exercised properly. Review of newly negotiated agreements is not the way to do it. Rather the Congress should establish a regular mechanism through which it can keep closely informed on the progress of the trade program—that is, the program in its entirety, not just the tariff part of it. The Congress itself is the best judge of how this can be accomplished, but it seems to me that the Congress should provide a "watchdog" provided with competent staff to insure that progress is made in our trade expansion policy and to make certain that domestic policies are coordinated with our international objectives. This congressional watchdog could be an effective method of exercising surveillance. One of the basic responsibilities of such a group should be the review, including appropriate hearings, of the President's annual report on the trade expansion program required by section 402. The report which the bill requires the President to submit to the Congress each year should cover much more than the bill seems to suggest. It would be wise, in my opinion, to have the act require that the President, in his annual accounting to the Congress on this program, analyze the overall foreign trade position of the United States during the year under review. This should be not only an analysis of export and import patterns but an appraisal of the way in which the economy has adjusted or failed to adjust to import competition, and capitalized or failed to capitalize on export opportunities. If the Congress does not require such a comprehensive review, I hope the President will recognize the merits of such an accounting and produce that kind of report voluntarily. Through such a report, both the President and the Congress would have a better idea of the progress we are making in this program, and of ways in which the program might be strengthened through changes in domestic policy as well as through international consultation. It seems to me that both the Congress that delegates authority as important as the authority provided in this bill, and the administration that seeks it, should welcome this vehicle for close cooperation between the executive and legislative branches of Government.

OPPOSITION TO ADJUSTMENT ASSISTANCE

Questions have been raised concerning the nature and extent of benefits to workers and the danger of Federal intrusion in State unemployment compensation programs.

A worker displaced as a result of import competition due to a tariff reduction suffers as a result of deliberate national policy designed to benefit the Nation as a whole. It is not a case of the normal operation of the free enterprise system. Therefore, it seems just to extend appropriate assistance to him.

The objections to the specific provisions of the bill which provide Federal standards for qualification and payments at rates substantially above those provided under the most liberal State system reflect a fear that this will set a pattern for Federal standards and high compensation rates throughout the program. We stand behind a sound program of assistance to workers hurt by import competition, but we do not claim any special competence as to amount or

duration of payments. We do think it is desirable to quiet these widely expressed fears of employers without crippling the adjustment assistance program, despite the bill's stipulation that the excess of the trade adjustment allowance over the amount the worker would get from ordinary or current Federal-State unemployment insurance, if there were no adjustment assistance program, is to be reimbursed to the State by the Federal Government.

It seems to us that the reasoning followed in justifying extraordinary payments to workers because their plight is the result of national policy would also apply to the States. The impact of import competition is indeterminate at this time since it will depend upon future tariff negotiations and the changing economics of world trade. The impact of the burden of unemployment payments, State by State, is unpredictable now and is almost certain not to be evenly spread. Since the demands on State unemployment insurance funds determine the rate which must be paid by employers, they are a factor in competition for industry among the States. It seems that to require individual States to bear the full burden of expense caused by actions of the Federal Government which are in the general national interest is no more fair than requiring injured workers to bear unaided the burden of unemployment thus generated.

Consequently, I respectfully suggest that your committee consider amending the bill before you to require the Federal Government to meet directly the full cost of benefits extended to workers who qualify for trade readjustment allowances. By thus maintaining a separate program, though administered at cost through State agencies, the objections to the level of payments, to Federal standards, and to the impact on individual States, together with the fears of establishing precedents to be followed by State unemployment insurance programs, would be quieted.

While the Committee for a National Trade Policy feels that this is a very strong bill, there are certain additional ways in which it can be improved.

SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS

The bill requires the President to appoint a special representative for trade negotiations. He will hold office at the pleasure of the President and have the rank of Ambassador. This special representative for trade negotiations will be chief U.S. representative at all trade negotiations carried on under the powers granted in the bill before you.

The bill also establishes a Cabinet level Interagency Organization to assist the President in carrying out the functions granted to him. This represents an expansion of the existing Trade Policy Committee.

While these provisions, added by the House Ways and Means Committee, are a great improvement over the administration bill, they also bring to the fore some problems which are best faced now prior to the time the bill before you is crystallized as the law of the land. If there is one idea I can urge for your consideration today, it is that America faces a future of greater integration into a growing and prosperous world economy. We avoid such engagement only at our own economic peril. Increasingly as time passes our domestic policies in agriculture, labor, regulatory controls, patents, antitrust actions, and taxes will have to be developed with an eye to their effects on our economic relations with the rest of the world. Yet we have no effective mechanism for focusing the attention of policymakers in the Executive on the implications of their decisions on the U.S. posture in the world economy.

In my opinion, the President's special representative for trade negotiations, as his role is conceived in H.R. 11970, is an important step in meeting this need. The President, in his letter of May 12 to the very able chairman of the House Ways and Means Committee, recognized a broader task when he said: "In my judgment, the major trade negotiations under this act will require a high degree of leadership and coordination in the executive branch, reflecting the judgment of both those who conduct our foreign policy and of those whose responsibility it is to advance the interests of American business, labor, and agriculture."

So great are the tasks before us in finding our place in the growing free world economy that I conceive the role of the special representative of equal importance to that of a Cabinet officer. In fact, the President stated in his letter to Chairman Mills that he intended to maintain an "immediate and powerful interest" in the above-mentioned areas of coordination "particularly through the work of the special representative of the President." Thus, although the President has indicated his desire to have the Secretary of Commerce as Chairman of the new Interagency Trade Organization, it might be well to consider the possibility of

the new special representative as the occupant of that post. Since the special representative is already charged with seeking information and advice from industry, agriculture, and labor, as well as the agencies of Government in carrying out his responsibilities, it would seem to be the dictate of logic that he head the committee concerned with advising on trade policy and be responsible for coordinating and administering that part of the act dealing with trade policy. Of course, the President should independently review any escape-clause appeals resulting from tariff reductions negotiated by the special representative.

ESCAPE CLAUSE

We hope that the use of the escape clause granting tariff relief will be resorted to only in unusual cases when all other courses have been exhausted. Keeping in mind the philosophy of adjustment to import competition as the guideline in the act, the act itself should be amended to require a scheduled downward staging of the escape-clause tariff relief. In this way integrated, if necessary, with a trade adjustment program, the industry would be weaned away from Government support through tariff action back into the free competitive economy.

In this connection, I recommend that the escape clause be further amended to require that the data available to the President before he proclaims a tariff increase under the escape clause should be no less recent than 6 months before the proclamation. This would avoid the danger apparent in the recent past of acting on outdated information as to industry conditions.

THE NATIONAL SECURITY CLAUSE

This provision in the act is virtually the same as that in the old Trade Agreements Act. There is one feature of this provision to which I would like to direct your attention. If the President finds impairment of national security, his only option is to restrict imports. I consider this to be an inadequate legislative mandate. I assume that the Congress wants such imports restricted only to the extent and for as long as such restrictions are necessary.

It may also be assumed that the country has a vital stake in seeing to it that in industries contributing to our defense, vulnerability to imports should be corrected as quickly as possible. Moreover, import restrictions, because they affect our line of economic communication with our allies, themselves adversely affect the national security. The net result of this complex of forces should be a mandate to the President to find solutions as rapidly as possible to such problems of import injury so that the import restrictions may be expeditiously removed.

THE RESERVE LIST

Section 225(b) requires that, in addition to other exemptions, the President reserve from the negotiating list any product on which the Tariff Commission found serious import injury under the escape clause as administered prior to the Trade Expansion Act of 1962. Thus, even where the President has disagreed with the Tariff Commission finding such a product still qualifies for exemption.

Although the bill stipulates that such exemption may be made only upon the request of the affected industry within 60 days after publication of the negotiating list, and only where the Tariff Commission "finds and advises the President that economic conditions in such industry have not substantially improved" since the date of the Commission's finding of injury, the time period required for such reappraisal is so short that the Tariff Commission is not likely to do anything but, as a matter of convenience, place the particular product on the reserve list. The President has no discretion whatever either in evaluating the Commission's judgment or in devising ways and means of helping the affected industry improve its position to an extent that would warrant inclusion of the particular product on the negotiating list.

I recommend that the President be given discretion in this matter.

LOW-RATE ARTICLES AUTHORITY

The act requires five annual stages in the reduction of tariffs under this authority as well as others. The documentation required is complicated by the mathematical complexities of low fractional tariffs which provide neither protection nor revenue. Although under the rounding authority (sec. 254) these

can be eliminated by Presidential action, it would be far simpler if the act provided that in the case of reductions on duties of not more than 5 percent ad valorem, the annual reduction under the staging requirement be no less than 1 percent ad valorem.

These changes will, in our opinion, strengthen the act, and we hope that you consider them favorably. We believe the act as it stands is a good one, and with the recommended changes an even better one. It is sufficient to allow us to participate in free world economic growth, to stimulate our own economy, and discharge our responsibilities toward our friends and allies throughout the world.

IN SUMMARY

International trade presents a great opportunity for increasing our domestic prosperity. We are entering a new era of expanded world trade which holds promise for those willing and able to claim their share. Our ability to compete will depend in large measure on the ability of our Government to encourage economic expansion at home providing a strong base from which we can strengthen our competitive position abroad. This means monetary and other policies consistent with the need to preserve our international solvency. This also demands a reasonable regard for the effects of Government actions on prices and incentives.

But no government can force a business to make itself competitive. Management and labor bear this responsibility on their own shoulders. The least we should insist on of our Government is that it hold to a minimum actions by Government which prevent a business from realizing its full potential ability to compete in a free market or which protect business from the consequences of its failure to develop its maximum potential. We are confident that most of American business will see the tremendous opportunities that are clearly in sight, and will sense the national purpose to which all of American business must contribute and from which all stand to benefit. A private enterprise system that fears tough competition and seeks relief or extended "breathing spells" by government action is not a free enterprise system in the American sense. Let us not proceed into this new era of international economic relations with fear, and above all, let us not fear to proceed with vigor and imagination—to capitalize on the many opportunities that are well within reach.

We believe that H.R. 11970 will provide a sound basis for an expanded foreign trade. It recognizes the changed world of the 1960's of which the most dramatic feature is the emergence of a new large economic entity in Europe. It gives the President sufficient authority to meet not only the changes that we see but those not now foreseen. At the same time it sets up safeguards to see that the authority delegated is properly used. It incorporates a new concept in its approach to import damage by providing an alternative to tariff protection which will assist firms and workers to adjust to competition. We feel trade adjustment is an essential feature of the bill.

I have pointed out earlier that I think it would be desirable for the Congress to develop a mechanism by which appropriate surveillance could be exercised by the Congress over the use of the delegated authority, over the progress of the new trade expansion program, and over the consistency of domestic policies with our international trade objectives. In addition I would like to summarize the specific changes in H.R. 11970 which I have recommended.

(1) SECS. 202 and 253. Low-rate articles authority and staging requirements: Amend to allow a minimum annual reduction of 1 percent ad valorem of tariffs under this authority to avoid complexities in calculation.

(2) SEC. 225. Reserve list: Amend to allow nontariff adjustment assistance to be utilized as an alternative to commodities being placed on reserve list.

(3) SEC. 232. Safeguarding national security: Amend to require the Executive to seek solutions to the problems making tariff shelter necessary with a view to eventually terminating such shelter.

(4) SEC. 241. Special representative for trade negotiations: Amend to elevate the role of Chief Negotiator to Cabinet rank and to concentrate in him the coordination and administration of the powers delegated to the President in the act other than adjustment assistance and escape clause, and empower him to advise the President on the impact of domestic policies on our international trade.

(5) SEC. 242. Interagency Trade Organization: Amend to require special representative to serve as chairman.

(6) SEC. 301. Tariff Commission investigations and reports: Amend to require that Tariff Commission reports in escape clause cases and Presidential proclamations in escape clause action be based on industry data no more than 6 months old.

(7) SEC. 323. Weekly amounts (adjustment assistance): Amend to require full Federal payment of adjustment allowances in place of partial State and Federal to those workers eligible for State unemployment compensation.

(8) SEC. 351. Tariff Adjustment Authority: Amend to provide that any tariff protection given shall automatically be reduced, over the period found to be necessary to complete the adjustment, in stages decreasing to zero at the end of the period unless the President authorizes other treatment.

(9) SEC. 402(2). Reports: Expand to require President to include an appraisal of the overall U.S. position in world trade and the impact of domestic policies on our international trade.

I sincerely hope that you will recommend favorably on H.R. 11970.

Thank you.

THE TARIFF HANDICAP AMERICAN INDUSTRY WILL FACE IN THE EUROPEAN COMMON MARKET UNLESS THERE IS NEW U.S. NEGOTIATING AUTHORITY

Many key American industries (and the American economy as a whole) face a growing tariff disadvantage in their efforts to preserve and expand their vital export stake in Western Europe. Added to the impact of unprecedented competition from the revitalized countries of Western Europe is the new challenge posed by a dynamic movement toward regional economic integration. A major feature of the European Economic Community—a community of six nations that may soon double its membership—is the growing tariff differential between rates which the member countries will apply to imports from beyond their collective borders and the free trade which will feature trade relations among themselves. The ultimate differential between the “common external tariff” and internal free trade is expected to take effect not later than 1969 and may take effect much sooner.

In general the Common External Tariff for each product classification will be the arithmetic average of the tariffs of the members countries. This means that the tariff affecting U.S. goods will be lower than it used to be in some of these countries and higher in others. The movement toward free trade among the member countries themselves will, by definition, make any tariff against American goods a disadvantage for the United States. The President is asking the Congress for authority to negotiate downward—in some cases to negotiate to zero—these disadvantages.

The attached table present indicators of the U.S. trade position in the European Economic Community with respect to nonagricultural products—that is, in those three-digit commodity classifications in which EEC imports exceeded \$10 million in 1960. The total value of the products shown is \$1.9 billion (landed cost in Western Europe). This represents over three-fourths of total U.S. exports of nonagricultural goods to the European Economic Community.

Adequate negotiating authority is also necessary to scale down the tariff handicaps that will confront U.S. suppliers of agricultural products to the EEC area. In 1961 U.S. exports of agricultural products to the EEC totaled \$1.1 billion.

The United States faces similar tariff handicaps in the evolving tariff structure of the European Free Trade Association (EFTA). The future of that group is a matter of uncertainty in view of the interest of most of its members in associating with the EEC. The EFTA countries are removing tariffs applying to trade with one another, just as the EEC countries are dismantling tariffs affecting intra-EEC trade. Each EFTA member maintains its own tariff system affecting trade with countries outside their trading area. The administration bill would give the President authority to negotiate downward those external tariffs. These tariffs are higher than intra-EFTA tariffs by about the same degree as the external tariffs of EEC countries—evolving toward a common external tariff system by the end of the 1960's—are higher than the declining tariffs still levied by the EEC countries on imports from one another.

SELECTED PRODUCT SUMMARIES¹*Woodpulp*

In 1960 the United States exported over \$50 million of woodpulp to the EEC, or one-third of our total exports of this product. Under the EEC as presently constituted, the common external tariff will be 6 percent for some types of woodpulp, zero for others. The 6-percent differential (compared with zero) is not likely to pose a serious problem for the United States in competition with present suppliers from within the EEC, inasmuch as U.S. exports of all kinds of woodpulp to the EEC far exceed what the EEC countries obtain from one another. However, if Sweden and Norway join the EEC, U.S. exports to the EEC will be seriously affected by a tariff disadvantage that favors member countries. Sweden and Norway today export to the EEC nearly four times the amount of woodpulp sold there by the United States. This would also seriously affect our export position in the United Kingdom if the United Kingdom should join. The United Kingdom is the largest single export market for American woodpulp, taking \$38 million worth in 1960. The United Kingdom has imported this product duty free. When imports of certain types become dutiable at 6 percent, the U.S. product will not only encounter a higher tariff in the United Kingdom but will be competing with duty-free imports from Scandinavia.

Petroleum products

U.S. exports of petroleum products to the EEC were about 13 percent of our total export trade in such products in 1960. Although a final decision has not yet been made regarding the common external tariff on such products, the tentative rates indicate not only a disadvantage in competition with present EEC suppliers, but also the fact that U.S. exports of petroleum products to the United Kingdom would, if the United Kingdom joins the EEC, encounter import duties where no such duties now exist. U.S. export statistics for 1960 indicate that the United Kingdom was our largest single export market (\$23.4 million) for petroleum products in Western Europe. The United Kingdom tariff used in this statistical tabulation does not include excise taxes, which are not tariffs and are solely for revenue.

Chemicals, drugs, plastic materials

In these categories, the United States encounters considerable competition from EEC suppliers. Our tariff disadvantage will range between 12 percent in the case of inorganic chemicals and 23 percent in the case of plastics. Our major European markets for plastics in 1960 were the Benelux countries (\$11 million) and the United Kingdom (\$38 million). These are low tariff markets in comparison with France, Germany, and Italy. The tariff we encounter in the Benelux countries, for example, will increase from approximately 12 percent to approximately 23 percent; the disadvantage in competition with EEC suppliers will be the full 23 percent.

About 20 percent of U.S. exports of inorganic chemicals went to the EEC in 1960, mainly to the Benelux area. The tariff there averaged about 3 percent, compared with 7 percent for Germany, 13 percent for France, and 22 percent for Italy.

Our largest single market in Western Europe for inorganic chemicals is the United Kingdom, to whom we exported nearly \$12 million worth in 1960. The average tariff we encountered there was approximately 10 percent. The common external tariff for the EEC (as presently constituted) will be about 12 percent. We therefore will not only face a higher tariff in the United Kingdom than heretofore encountered, but something like 12 percent will be the measure of our disadvantage in competition with suppliers from within the EEC.

About 45 percent of U.S. exports of organic chemicals goes to the EEC as presently constituted. In 1960 our exports of organic chemicals to those countries totaled \$124 million, about 45 percent of all the organic chemicals we exported. About half the U.S. shipments to EEC went to the Benelux countries, where the tariffs on such products are low. While tariffs do not themselves dictate the volume of sales, they are a factor in the pattern of comparative advantages. We face some EEC tariffs for organic chemicals as high as 14 percent for styrene, 25 percent for some of the other hydrocarbons, and 12 to 19 percent for polyacids and anhydrides.

¹ Tariff rates do not take account of recently negotiated U.S. trade agreement with the EEC.

Our drugs and pharmaceuticals producers face a common external tariff of some 14 percent on the average. The EEC is today a market for about 13 percent of U.S. exports of these products. The total to the EEC was in the area of \$35 million in 1960. The Benelux area was the main EEC market. The Benelux tariff, averaging about 8 percent for such imports, would go up to about 14 percent, which would be the measure of our tariff handicap.

Paper and paperboard

About 13 percent (\$25 million) of the \$198 million of paper and paperboard exported by the United States in 1960 went to the EEC as presently constituted. Another \$25 million went to the United Kingdom alone, making the United Kingdom our largest single market for this product in Western Europe. Tariffs in the EEC and the United Kingdom have ranged from 11 percent in Germany to 24 percent in France. The United Kingdom rates average about 17 percent. The common external tariff of the EEC will be 18 percent ad valorem.

Important as Western Europe is as a market for U.S. exports of paper and paperboard, West European supplies come mainly from the West European countries themselves. In 1960, for example, the EEC countries imported \$23 million worth from the United States, but obtained \$98 million worth from other EEC countries and \$168 million worth from sources in the European Free Trade Association. Thus U.S. exporters of paper and paperboard face considerable competition from EEC competitors (both present and prospective) at a tariff disadvantage of some 18 percent.

Textile yarn

Of the \$113 million of textile yarns exported by the United States in 1960, 22 percent went to the EEC countries. The EEC countries imported over 10 times that amount from one another and 3 times the U.S. share from European Free Trade Association sources. The common external tariff we face in competition with these European suppliers is 15 percent—the measure of our tariff disadvantage.

Iron and steel products

Of the \$663 million of iron and steel products exported by the United States in 1960, 12 percent or \$78 million worth went to the EEC area and another \$106 million went to the members of European Free Trade Association, chiefly to the United Kingdom. Imports of iron and steel products by the EEC countries in 1960 show that eight times as much was obtained from one another as from the United States and more was bought from the European Free Trade Association countries than was imported from the United States. In the face of this well-developed regional source of supply, U.S. exporters of iron and steel products will be at a tariff disadvantage of some 13 percent.

Nonelectrical power machinery

The EEC countries imported \$89 million of nonelectrical power machinery from the United States in 1960, or some 30 percent of the total exported by the United States. The EEC countries obtained more than 2½ times that amount from West European sources. The tariff disadvantage U.S. suppliers will encounter in competition with these major suppliers in EEC markets will exceed 10 percent, going as high as 22 percent in some items.

Agricultural machinery

In 1960 5 percent of the \$531 million of tractors and other agricultural machines exported by the United States went to the EEC countries. Another 5 percent went to the European Free Trade Association countries. Thus, 10 percent of the total exported went to members and prospective members of the EEC. EEC imports of such equipment came mainly from the EEC countries themselves and from suppliers in the European Free Trade Association group. The tariff disadvantage American suppliers face in the EEC ranges between 10 and 20 percent.

Office machinery

In 1960 25 percent of the \$208 million of office machinery exported by the United States went to EEC countries. Another 17 percent went to European Free Trade Association countries, mainly the United Kingdom. The U.S. share in the EEC market for office machinery was exceeded substantially by the

amount the EEC countries bought from one another. In the EEC area—which may expand to an area that now buys over 40 percent of all the office machinery we export—U.S. manufacturers will face a tariff disadvantage of between 10 and 14 percent.

Metalworking machines

In 1960 a fourth of U.S. exports of \$353 million of metalworking machines went to the EEC countries, and another 10 percent went to the European Free Trade Association group, mainly to the United Kingdom. The EEC countries bought just as much metalworking machinery—mainly machine tools—from European Free Trade Association suppliers as from U.S. manufacturers, and considerably more than that from one another. EEC import data on machine tools show imports worth \$52 million from the United States, \$50 million from European Free Trade Association sources, and \$79 million from EEC suppliers. The tariff disadvantage U.S. manufacturers will face in the EEC market ranges from 4 to 12 percent.

Textile machinery

In 1960 20 percent of the \$176 million of textile machines of all kinds exported by the United States went to EEC countries. Another 10 percent went to European Free Trade Association countries. The U.S. share of the EEC market, important as it is to U.S. manufacturers, is far exceeded by the sales of EEC suppliers themselves and by suppliers from the European Free Trade Association area. EEC countries imported some 4½ times as much of these machines from one another as from the United States in 1960, and three times as much from European Free Trade Association manufacturers as from the United States. In the face of this strong competition, U.S. manufacturers will encounter a tariff disadvantage of 10 to 14 percent on many items in the textile machinery group.

Other machinery

In typesetting machines our exports, which totaled \$6 million to EEC in 1960, will encounter a tariff disadvantage of from 5 to 17 percent. In excavating, leveling, boring, and extracting machines—the EEC countries bought \$24 million worth from us in 1960—the tariff disadvantage will range between 9 and 15 percent. In pumps—the EEC area bought \$11 million worth from American suppliers in 1960—the common external tariff will be from 12 to 16 percent. Similarly in air compressors, which the EEC countries bought from us in an amount exceeding \$10 million. In 1960 these countries bought \$12 million worth of lifting and handling machines from U.S. manufacturers; the common external tariff on such equipment will be 8 percent for some items, 14 percent for others.

About 17 percent of the \$53 million worth of ball and roller bearings exported in 1960 went to EEC countries; the tariff disadvantage U.S. manufacturers will face in the EEC under the common external tariff will be 18 percent. In these items, as well as in pumps, compressors, and lifting and handling machines, EEC imports come mainly from West European sources; so U.S. suppliers face considerable competition there quite aside from the tariff handicap that will emerge when the EEC's tariff adjustments are finalized.

The same situation is true of the following products, with their respective common external tariffs:

	EEC imports from United States in 1960 (million dollars)	Common external tariff (percent ad valorem)
Transmission equipment.....	15.6	15-19
Generators, motors, converters.....	10.5	12-17
Electric switching equipment.....	21.1	14-18
Telephone and telegraph equipment.....	22.0	16-22
Other electrical control equipment.....	49.3	15-20

Apparel

The EEC countries bought over \$10 million worth of apparel from the United States in 1960—representing only a small share for the United States in that market, but a share that U.S. manufacturers will try to save under a tariff handicap of about 20 percent.

Technical instruments

In 1960, 14 percent of U.S. exports of \$211 million of technical instruments went to the EEC countries and another 8 percent to EFTA countries. The EEC countries imported most of their instruments from West European suppliers. The heavy competition U.S. suppliers will face in this market will be compounded by a tariff disadvantage of 12 to 20 percent.

Musical instruments

In 1960 25 percent of the \$57 million of musical instruments exported by the United States was sold to EEC consumers. This share of the EEC market was exceeded five times by suppliers from West European countries. The tariff handicap U.S. suppliers will encounter under the common external tariff will be as much as 19 percent.

Aircraft

In 1960 40 percent of the \$537 million of commercial aircraft and aircraft parts exported by the United States was sold to the EEC countries. Another 27 percent went to the EFTA area. Western Europe thus bought 67 percent of the commercial aircraft equipment we exported. The U.S. aircraft industry is the major foreign supplier of such equipment to the EEC countries. It supplies over 5 times what the EEC countries have obtained from one another, and over and over 11 times what they have obtained from EFTA suppliers. The Common External Tariff on aircraft and aircraft parts will range between 12 and 18 percent. While tariffs may not handicap U.S. sales of large airplanes to European airlines (all the regular airlines are either wholly or partly government-owned and are not affected by import duties), tariff disadvantages will pose a handicap for U.S. manufacturers of light- and medium-weight aircraft to the most rapidly growing market in the world.

INDICATORS OF U.S. TRADE POSITION IN NON-AGRICULTURAL
PRODUCTS IN THE EUROPEAN COMMON MARKET

CSI No.	Commodity	(Million Dollars)			EEC Common External Tariff ^{2/} (percent ad valorem)	National Tariffs on Imports from U.S.A/ (percent ad valorem)				
		U.S. Exports to EEC ^{1/}	EEC Imports from within EEC	EEC Imports from EFTA		Benelux	France	Germany	Italy	U.K.

251	Woodpulp	55.2	16.6	204.5	6 (some zero)	0,15	0	2-15	15-25	0
266	Man-made fibers (discontinuous)	14.9	28.2	7.9	12-14	6b/	20	8	13.6	8.6
271	Fertilizers (natural calcium phosphates)	15.3	neg.	neg.	0	----- 3/ -----				
284.0.	Unwrought aluminum	17.8	1.7	3.4	10	----- not available -----				
321.4	Coal	190.6	338.3	24.9	0	0	0	0	0	0
332	Petroleum products ^{4/}	66.4	219.2	49.7	10% ^{5/}	8 ^{6/}	8	6	18	0
512	Organic chemicals	135.3	174.7	66.3	14.4 ^{8/}	2.5 ^{9/}	22.4	7.2	14.3	26.3
512.11	Styrene	4.3	3.5	-	14 ^{8/}	0 ^{9/}	20	12	9	33.3 ^{5/}
512.12	Other hydrocarbons	35.4	17.2	6.4	0,16,25	----- not available -----				
512.22	Unsaturated mono- hydric alcohols	19.2	13.5	3.2	14,16	5-12	20-40	8-19	18,20	33.3
512.52	Polyacids and anhydrides	14.5	14.3	2.3	12-19	----- not available -----				
513 and 514	Inorganic chemicals	42.6	107.0	33.3	12 ^{8/}	3 ^{9/}	17.5	7.3	22.2	9.8

-2-

CST No.	Commodity	(Million Dollars)			EEC Common External Tariff ^{a/} (percent ad valorem)	National Tariffs on Imports from U.S. ^{b/} (percent ad valorem)				
		U.S. Exports to EEC ^{1/}	EEC Imports			Benelux	France	Germany	Italy	U.K.
			from within EEC	EEC Imports from EFTA						
541	Drugs and pharmaceuticals	34.4	55.7	52.6	13.6 ^{2/}	7.6 ^{2/}	17	7.8	15.1	27
581	Plastic materials	68.1	119.2	53.2						
581.2	Polymerisation and Copolymerisation Products ^{2/}	43.4	63.2	23.5	23 ^{2/}	12 ^{2/}	30	19	30	10
641	Paper & paperboard	23.3	97.9	166.2	18 ^{2/}	14.3 ^{2/}	23.8	11.2	18.6	17.3
651	Textile yarn	25.0	261.6	76.9	15	10.6	22	15	16.2	28
674	Iron & steel products	54.7	435.7	64.4	12.8 ^{2/}	6.2 ^{2/}	9.2	6	22	10.6
681.11	Silver (primary and semi-manufactured)	14.0	18.2	6.8	0-13	---	Not available	---	---	---
682.12	Copper (primary)	134.3	99.7	30.6	0	0	0	0	0	0
684.1	Aluminum (primary)	46.5	25.3	28.2	0,5	0	20	0	10	0
695	Tools and parts (excl. machine tools)	13.3	35.8	26.4	12-19	---	Not available	---	---	---
715	Metalworking machines	58.4	103.3	58.8						
715.1	Machine tools	51.9	78.6	50.4	4-12	6	6-22	0-6	7-20	17.5
717	Textile machines	30.1	130.5	94.4						

CST No.	Commodity	(Million Dollars)			EEC Common External Tariff ^{2/} (percent ad valorem)	National Tariffs on Imports from U.S.A/ (percent ad valorem)				
		U.S. Exports to EEC ^{1/}	EEC Imports from within EEC	EEC Imports from EFTA		Benelux	France	Germany	Italy	U.K.
717.12	Weaving and knitting machines	7.5	29.3	35.9	10-13	6	15-22	5,6	20	12.5-20
717.3	Sewing machines	9.6	24.3	11.8	12,14	6	11,16	4,6	20,22	15
718	Other industrial machines	45.9	103.3	57.6						
718.22	Type-setting machines	6.0	4.0	4.3	5-17	6	5	6,8	7,15	15,17.5
718.42	Excavating, levelling, boring, & extracting machines	24.2	17.4	16.4	9-15	8	16,20	0-12	25,30	15,17.5
719	Other machines	146.0	410.3	221.7						
719.21	Pumps	10.7	22.7	15.0	12-16	6	15	0	25	17.5
719.22	Air compressors	10.7	24.5	36.5	10-16	6,15	15,25	5,8	20-25	15-30
719.51	Lifting & handling machines	11.8	50.1	20.1	8,14	8	15-20	6	22,23	15
719.7	Ball & roller bearings	11.6	23.1	17.3	18	6	18-28	8,15	27.5,28	20
711	Machinery (non- electrical)	89.2	136.3	100.7						
711.41	Automobile engines	14.5	5.6	4.6	19,22	15	18,25	12,14	23-28	30
711.42	Jet engines	29.0	26.1	37.4	12					
Footnotes at end of table, p. 344.						----- Not available -----				

CST No.	Commodity	(Million Dollars)			EEC Common External Tariff ^{2/} (percent ad valorem)	National Tariffs on Imports from U.S. ^{3/} (percent ad valorem)				
		U.S. Exports to EEC ^{1/}	EEC Imports from within EEC	EEC Imports from EFTA		Benelux	France	Germany	Italy	U.K.
		711.5	Spark-ignition aircraft engines	39.0		86.0	43.5	10,15	6	5-30	0	15-25	17.5
712	Tractors and other agricultural machines	14.5	88.4	53.0						
712.2	Harvesting & thresh- ing equipment	6.2	37.9	12.9	11	6	12,15	5,9	10-22	15
712.5	Tractors	7.3	37.1	31.0	12-18	6,24	20	10-12	25	20
714	Office machinery	44.9	87.9	35.9						
714.22	Accounting machines	10.7	30.3	15.9	14	8	9	8,12	15,20	15
714.3	Sorting machines	9.3	27.0	5.8	11	----- Not available -----				
714.99	Parts for sorting machines	9.2	5.3	4.6	10	----- Not available -----				
719.E	Nuclear reactors	19.2	45.3	28.5	10	----- Not available -----				
719.92	Valves, etc.	15.5	33.1	17.8	15,16	----- Not available -----				
719.93	Transmission shifts, etc.	15.6	38.6	21.0	15,19	----- Not available -----				
722	Electrical machinery	31.6	121.6	53.0						
722.1	Generators, motors, converters	10.5	60.1	26.6	12-17	8,12	19,20	0,8	15,16.5	17.5
722.2	Electrical switching equipment	21.1	61.5	26.4	14,16	10	15-19	6	15	20

CST No.	Commodity	(Million Dollars)			EEC Common External Tariff ^{2/} (percent ad valorem)	National Tariffs on Imports from U.S.- ^{3/} (percent ad valorem)				
		U.S. Exports to EEC ^{1/}	EEC Imports from within EEC	EEC Imports from EFTA		Benelux	France	Germany	Italy	U.K.
724	Telephone and tele- graph equipment	29.0	137.1	23.4						
724.99	Parts for tel. & tel.	24.7	36.4	12.0	16-22	10-20	20,24	12	40	20
729.3 and 729.52	Other electrical control equipment	49.3	53.9	23.0	15-20	10,12	20	8,12	20-33	17.5- 33.3
732	Motor vehicles	57.9	524.7	108.0						
732.1	Passenger cars	11.3	216.7	23.9	29	24	30	17,21	35-45	30
732.89	Parts	40.1	231.2	67.0	19	6-24	25	19	20-40	30
734	Aircraft	300.3	54.0	24.3						
734.1	Aircraft	238.8	27.6	13.3	12-18	0	20	0	15-25	17.5
734.92	Parts	61.5	26.4	11.0	12,17	6	0	0	13-20	17.5
841	Apparel	10.3	178.8	40.9	20-22	----- Not available -----				
861	Precision instruments	38.4	62.6	44.0	12-20	10.2	21.9	7.0	19.3	27.4
891	Musical instruments	13.0	48.0	19.3						
891.11	Gramophones, re- corders, etc.	7.3	26.7	11.2	16,19	12	24,26	11,12	18,28	20
Total value U.S. Exports of listed products to EEC		\$1,910.5								

Footnotes at end of table, p. 344.

GENERAL NOTE

The selection of product categories for this table was based on the identity of those 3-digit CST numbers in the EEC statistical publication cited below which showed EEC imports from the United States at over \$10 million in 1960. U.S. exports to the EEC of the products in this table totaled \$1.9 billion in 1960, or over $\frac{3}{4}$ of total U.S. nonagricultural exports to the EEC in that year. About 65 percent of this table's total of \$1.9 billion is accounted for by products which will be encompassed by the 80-percent formula in the administration bill (H.R. 9900). If the geographic area used for that purpose is the United States, the EEC, and the United Kingdom, Denmark, Greece, Ireland, and Norway.

Because of the complexity of tariff schedules and the need, in the interest of time, to use summary material from several sources (see below), the tariffs shown should be used only as suggesting orders of magnitude.

The tariffs currently affecting American exports to EEC countries vary from country to country. The EEC common external tariff is not yet in effect. The member countries of EEC are each moving toward that common objective. They are also moving resolutely toward free trade among themselves by the end of the 1960's, if not sooner. Tariffs they levy on imports from one another are already, in a large number of products, considerably below the tariffs levied on imports from the United States and other outside sources.

FOOTNOTES

- ¹ EEC imports from the United States.
- ² Most nonagricultural common external tariff rates have been reduced by 20 percent pursuant to the recent agreement negotiated between the United States and the European Economic Community. Some chemicals may be among the more significant exceptions.
- ³ Not available, but presumed to be zero.
- ⁴ Tariff rates are for gasoline.
- ⁵ U.K. rate is for monomeric styrene.
- ⁶ Tariff rates are for polyvinyl butyral, a major component.

TARIFF FOOTNOTES

* Unless otherwise explained, all common external tariffs are from EEC source (see Sources), and national tariffs are for 1958 and were obtained from PEP report.

^a All national tariffs for this product are weighted averages from Joint Economic Committee report.

^c Common external tariff rates range between 0 and 10 percent. All rates (common external tariff and national) exclude excise taxes, which are solely for revenue.

^d Common external tariff rates and all national tariffs are weighted averages from Joint Economic Committee report.

^e All rates are from special U.S. Department of Commerce calculation.

^f Common external tariff and all national rates are weighted averages from Joint Economic Committee report.

^g Same as *f*. Common external tariff range is 6 to 21 percent.

^h Same as *f*. Common external tariff range is 5 to 19 percent.

DEFINITIONS

EEC=European Economic Community (European Common Market).

EFTA=European Free Trade Association.

* =Final rates not yet known.

Not available=Not immediately available.

CST No.=Product classification number used by EEC in foreign trade statistics.

neg.=Negligible.

SOURCES OF TARIFF DATA

1. European Economic Community, "Common External Tariff," January 1960 (unofficial translation into English by the U.S. Departments of Commerce and State, reproduced by the Department of Commerce, June 1960). Except for data on petroleum products, it is assumed that all rates for products originally on G-list have been firmed as those shown.

2. U.S. Congress, Joint Economic Committee (Subcommittee on Foreign Economic Policy), "Trade Restraints in the Western Community," 1961. This source was used for tariff data on certain broad product categories. National tariff data from this source are presumably as of mid-1961; they refer to those tariffs applied to U.S. exports. Rates are already lower by as much as 40 percent on imports from within EEC.

3. PEP (political and economic planning), "Tariffs and Trade in Western Europe," London, 1959.

SOURCE OF TRADE DATA

European Economic Community, "Foreign Trade, Analytical Tables, Imports, 1960" (1961).

EEC import data are on c.i.f. basis.

The CHAIRMAN. The committee will recess until 2:30.

(Whereupon, at 12:25 p.m., the committee stood in recess, to reconvene at 2:30 p.m. the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

The first witness is Mr. Robert J. Brightman, National Council of American Importers.

Take a seat, sir.

STATEMENT OF ROBERT L. BRIGHTMAN, PRESIDENT, NATIONAL COUNCIL OF AMERICAN IMPORTERS, INC.

Mr. BRIGHTMAN. Mr. Chairman and gentlemen, my name is Robert L. Brightman, vice president and general manager of Johaneson, Wales & Sparre, 250 Park Avenue, New York 17, N.Y. We are a long-established firm, importing rayon staple fiber, wallboard, machine knives and saws, machinery, steel products, and paper specialties.

I appear today as the president of the National Council of American Importers, Inc., with offices at 111 Fifth Avenue, New York 3, N.Y. The national council is the recognized trade organization of U.S. importers, and its more than 600 members handle a wide variety of imported products ranging from raw materials, crude foodstuffs, and semimanufactures to finished food products, beverages, and finished consumer goods.

We have supported the reciprocal trade agreements program since its inception in 1934. Our organization now wishes to go on record as supporting the proposed Trade Expansion Act of 1962, H.R. 11970.

We believe that the need for this legislation is generally recognized by the vast majority of businessmen and the public at large. The adverse balance of payments, with the resulting outflow of gold and the challenge of the European Economic Community, are problems that require an entirely new approach in dealing with the important question of tariffs and other trade restrictions. There is no doubt whatsoever that our farmers, our exporting industries, and millions of workers will be in grave danger unless the United States continues to have access to European markets on favorable terms.

It is clear that in future trade negotiations, the President must have far more adequate bargaining power than in the past. It is our view that the required bargaining power should be as broad and as flexible as possible. H.R. 11970 provides such bargaining power, with appropriate safeguards to assist firms and industries to make the necessary economic adjustments to any new competitive situation that might arise.

Specifically, we endorse the proposed provisions authorizing the President to proclaim the following tariff reductions:

- (1) Fifty percent of the rates existing on July 1, 1962;
- (2) In excess of 50 percent in the case of articles dutiable at 5 percent ad valorem or less;
- (3) In excess of 50 percent in the case of articles in which the United States and all countries of the European Community together account for 80 percent or more of the aggregated world export value;

(4) In excess of 50 percent in the case of certain agricultural products, in the event that such action will tend to assure the maintenance or expansion of U.S. exports of like articles;

(5) In excess of 50 percent in the case of tropical agricultural or forestry products under specified conditions.

We do, however, recommend certain changes in the bill to make it more effective and equitable.

I. To provide additional bargaining power not contained in the present bill, we strongly suggest that the President be also authorized to exceed the 50-percent limitation in the case of any articles which are not produced at all, or in significant quantities, in the United States. Attached to my testimony is a partial list of articles of this type. This list is certainly not all inclusive and may not be entirely accurate, but it has been prepared with great care by the staff of the National Council of American Importers. I request, Mr. Chairman, that this list be incorporated in the record.

Senator CARLSON (presiding). Mr. Brightman, it will be included in the record.

Mr. BRIGHTMAN. Thank you, sir.

We propose duty-free treatment for those articles which are clearly eligible for such treatment. By removing the duty on such articles, our domestic manufacturers who require such raw materials and semi-manufactured products would benefit by lower costs, thus enabling them to compete on a more favorable basis in world markets.

Since the end of World War II, the Congress has approved many bills suspending the duty on a number of products in this category, usually for a specified period of 2 or 3 years. Some of these suspensions have been renewed a number of times. In other cases, new tariff paragraphs have been added to the Tariff Act providing for permanent duty-free treatment for certain of these products.

We propose that the Tariff Commission prepare a preliminary list of articles fitting this description, and give interested parties an opportunity to submit their views. Then, on the basis of the views submitted, the Commission could prepare a final list of such articles for use in future trade agreement negotiations.

II. We also wish to propose that another new section be added to the bill to authorize the President to proclaim a rate of 50 percent ad valorem, or its equivalent, on any article dutiable in excess of such rate. This authority was in the recent Trade Agreements Act, and should, in our opinion, be carried over into the new Trade Expansion Act. It is a fact that there are still in effect rates, the ad valorem equivalent of which exceeds 100 percent and, for that reason, we urge that the authority to reduce such rates to 50 percent be retained in the new law.

III. In connection with the authority to increase any rate of duty under section 201(b)(2) and in section 351(b)(1), we strongly object to having such increases based on the rate of duty that existed on July 1, 1934. We urge that the authority to increase any rate of duty under these sections be based on the rate of duty in effect on July 1, 1962.

As Senator Douglas pointed out this morning, the rates of duty that existed on July 1, 1934, were mainly the notoriously high rates in the Hawley-Smoot Tariff Act of 1930. Where any 1934 rate has been reduced by the full amounts authorized in the original Trade Agreements Act of 1934 and its subsequent extensions, the rate existing on July 1, 1962 represents 17 percent of the July 1, 1934, rate. To authorize an increase of 50 percent above the 1934 rate could mean a sudden rise of nearly 800 percent. It would be unreasonable, we contend, to subject any rate of duty that has been progressively reduced in trade agreements since 1934 to such extreme increases.

IV. Section 351(b)(2) provides for the imposition of a duty not in excess of 50 percent ad valorem on articles not subject to duty. We earnestly suggest that "50 percent" be changed to "25 percent."

A 50-percent duty is very high, and the sudden imposition of such a high rate on a duty-free article seems unnecessarily drastic.

V. Finally, we suggest that a new provision be added to the bill to require that all proclamations issued under its authority shall be effective 90 days after the date of the proclamation.

This amendment would provide a grace period which would enable both domestic producers and importers to calculate the effects of the changed tariff situation, and give them an opportunity to adjust to it.

In this connection, we wish to point out that section 315(d) of the Tariff Act of 1930 provides that no administrative ruling resulting in a higher rate of duty shall be effective prior to the expiration of 30 days after the date of publication of such ruling. In practice, the Treasury Department has for several years provided a 90-day period before higher rates are effective.

The suggestions we propose are based on the experience our organization has gained during the 40 years it has been concerned with our import and export trade. We hope that your Committee will give them favorable consideration.

Thank you.

The CHAIRMAN. Thank you very much.

Any questions?

Thank you.

(The attachments to Mr. Brightman's statement follow :)

Commodities produced in the United States in insignificant quantities, or not at all

[Asterisk (*) denotes member of European Economic Community]

METALS AND ORES

Commodity	Present duty	July 1, 1963, duty	Principal sources of supply
Antimony and metal or regulus	2 cents per pound	Same	Yugoslavia, United Kingdom,* and Belgium.*
Manganese ore and concentrates containing over 10 percent manganese	¼ cent per pound on contained manganese	Same	Mexico and Ghana.
Quicksilver or mercury	25 cents per pound	Same	Spain, Mexico and Italy.*
Block mica	4 cent per pound	Same	Brazil and India.
Refined metallic nickel, ingots, pigs, etc.	1¼ cents per pound	Same	Canada and Norway.
Crude pumice over \$15 per ton	0.09 cents per pound	0.08 cent per pound	Italy.*
Crude pumice \$15 or less per ton	0.0425 cent per pound	Same	Do.*
Pumice wholly or partly manufactured	0.38 cents per pound	0.35 cent per pound	Do.*
Ground chalk whitening	¼ cent per pound	Same	France,* United Kingdom,* and Belgium.*
Acetylene black	5 percent	Same	Canada.
Agar agar	15 percent	Same	Morocco, Japan, and Spain.
Artists' canvas, except cotton	13¼ percent	12 percent	Belgium*
Beer mat board	5 percent	4 percent	Finland and Canada.
Bleaching powder	27 cents per 100 pounds	25 cents per 100 pounds	United Kingdom.*
Brier, ivy or laurel root	3 percent	2 percent	Italy.*
Natural bristles	2 cents per pound	1 cent per pound	India.
Hyacinth bulbs	\$1.35 per 1,000	75 cents per 1,000	Netherlands.*
Carillons, over 34 bells	7½ percent	6¼ percent	Netherlands,* United Kingdom,* and France.*
Chimes, peals—22 bells or less	11 percent	10 percent	Netherlands,* United Kingdom.*
Cocoa butter	6¼ percent	Same	Brazil and Dominican Republic.
Coca leaves	1.7 percent	1.4 percent	Peru.
Cork tile	5 cents per pound	Same	Portugal and Denmark.
Cork insulation	2¼ cents per board foot	Same	Portugal.
Crocus corms	40 cents per 1,000	30 cents per 1,000	Netherlands.*
Drawing ink fountain pens with interchangeable nibs	17 percent	15 percent	West Germany.*
Metal drawing instruments and parts	19 percent	Same	Do.*
Twin cylinder stencil duplicating machines	12¼ percent	Same	United Kingdom,* Denmark, and West Germany.*
Electronic facsimile scanning machines	12¼ percent	Same	West Germany,* Denmark, and Japan.
Gums, Arabic or Senegal	¼ cent per pound	Same	India.
Unmanufactured human hair	9 percent	8 percent	Italy.*
Hexachlorethane	10 percent	Same	West Germany,* and United Kingdom.*
Buffalo hides	3 percent	2 percent	India and Pakistan.
Paste duplicating ink	4 percent	Same	United Kingdom.*
V-bed flat knitting machines and parts	18 percent	16 percent	West Germany.*
Other flat knitting machines and parts	15 percent	14 percent	Do.*
Undyed persian lamb tails, etc.	6¼ percent	5½ percent	Canada and Italy.*
Logwood extract	7¼ percent	Same	Hatti.

Rough sawed mahogany.....	4 percent plus 64 cents per 1,000 board feet.....	Same.....	Honduras.....
Natural menthol.....	35 cents per gallon.....	Same.....	Brazil and Taiwan.....
Inedible molasses.....	0.012 cent per pound total sugar.....	Same.....	Dominican Republic, Mexico, and France.*
Crude ostrich leathers.....	10 percent.....	Same.....	Union of South Africa.....
Pearl essence.....	do.....	9 percent.....	Japan and Netherlands.*
Rotary rasps 2½ inches long and under.....	16 cents per dozen.....	12 cents per dozen.....	West Germany,* Switzerland, and United Kingdom.*
Sandalwood oil.....	9 percent.....	8 percent.....	India and France.*
Crude sperm oil.....	¾ cent per gallon.....	¼ cent per gallon.....	Norway and Netherlands.*
Tartaric acid.....	6 cents per pound.....	Same.....	Spain and Italy.*
Mechanical tweezers.....	37 percent.....	Same.....	West Germany* and Switzerland.
Zinc sulphide.....	2½ cents per pound.....	Same.....	West Germany.*

BAMBOO, STRAW, AND FIBER PRODUCTS

Split bamboo.....	¾ cent per pound.....	Same.....	Taiwan.....
Bamboo blind material.....	35 percent.....	Same.....	Japan.....
Manufactures in whole or part of bamboo.....	25 percent.....	Same.....	Do.....
Osier or willow for basket making.....	17 percent.....	Same.....	Spain and Argentina.....
Harvest hats, sewed, unblocked.....	6¼ percent.....	Same.....	Mexico and Dominican Republic.....
Ramie hats.....	10 percent.....	Same.....	Taiwan.....
Toquilla hats (panama) unfinished.....	6¼ percent.....	Same.....	Ecuador.....
Toyo cloth hats.....	17½ percent.....	Same.....	Japan.....

PRECIOUS AND SEMIPRECIOUS GEMS

Diamonds, cut but unset:			
¼ carat or less.....	9 percent.....	8 percent.....	Belgium* and Israel.....
Over ¼ carat.....	10 percent.....	Same.....	Belgium* and Israel.....
Emeralds, cut but not set.....	4 percent.....	3 percent.....	India, Colombia, and Switzerland.....
Jewel bearings.....	Various.....	Same.....	Switzerland.....
Cultured pearls.....	5 percent.....	Same.....	Japan.....
Rubies and sapphires, cut but not set.....	9 percent.....	8 percent.....	Colombia and Union of South Africa.....

TEXTILE PRODUCTS

Silk bobbinet laces.....	27 percent.....	Same.....	France.*
Silk bridal veilings.....	do.....	Same.....	Do.*
Handmade crewel embroidery (linen).....	50 percent.....	Same.....	United Kingdom.*
Handmade crewel embroidery (wool).....	42½ percent.....	Same.....	Do.*

Commodities produced in the United States in insignificant quantities, or not at all—Continued

[Asterisk (*) denotes member of European Economic Community]

TEXTILE PRODUCTS—Continued

Commodity	Present duty	July 1, 1963, duty	Principal sources of supply
Hand embroidered dollies, bureau scarves, runners, and fancy articles.	45 percent.....	Same.....	Portugal.
Woven fabrics of jute and burlap, unbleached, not specifically provided for.	½ cent per pound.....	Same.....	India and Pakistan.
Flax manufactures not specifically provided for.....	15½ percent.....	13½ percent.....	United Kingdom* and Belgium*.
Flax handkerchiefs, not hemmed.....	8½ percent.....	Same.....	United Kingdom* and Switzerland.
Handkerchief linen fabrics, under 4 ounces.....	7½ percent.....	6½ percent.....	United Kingdom*.
Hand embroidered handkerchiefs.....	Various.....	Same.....	Portugal.
Sewn linen handkerchiefs.....	20½ percent.....	18 percent.....	United Kingdom*.
Men's knit cotton hose, hand embroidered.....	25½ percent.....	Same.....	Spain and France*.
Men's silk fashioned hose.....	27 percent.....	24 percent.....	France*.
Handmade laces.....	Various.....	Same.....	France* and Belgium*.
Silk laces, 12 points or finer, made on leavers machine.....	31 percent.....	28 percent.....	Spain and France*.
Flax napkins over 120 threads per square inch.....	11 percent.....	10 percent.....	United Kingdom*.
Flax sheets and pillowcases.....	10 percent.....	Same.....	Do.*
Flax table damasks.....	11 percent.....	10 percent.....	Do.*
Handblocked tapestry (wool).....	37½ cents per pound plus 17½ percent.....	Same.....	Do.*
Flax towels over 120 threads square inch.....	9 percent.....	8 percent.....	Do.*
Hemp or ramie towels.....	Various.....	Same.....	Japan.

FLOOR COVERINGS

Handmade floor coverings:			
Axminster, Aubusson, etc.....	12 cents per square foot; minimum, 11¼ percent.....	Same.....	Iran and India.
Oriental rugs.....	15 cents per square foot; minimum, 22½ percent.....	Same.....	Do.
Angora goat hair.....	21 percent.....	Same.....	Belgium* and Japan.
Matting and articles of cocoa fiber or rattan.....	4.3 cents per square yard.....	3.8 cents per square yard.....	India and Netherlands*.
Jute carpet backing.....	½ cent per pound.....	Same.....	India.
Pile rattan mats.....	4 cents per square foot.....	Same.....	Hong Kong.
China, Japan, and India straw mats, etc.....	1.35 cents per square yard.....	1.2 cents per square yard.....	Japan.
Other straw mats and matting.....	1½ cents per square yard.....	Same.....	Do.

FOODSTUFFS

Anchovies in oil, 9 cents per pound or over	13 percent	12 percent	Portugal and Spain.
Antipasto in oil, 9 cents per pound or over	11 percent	10 percent	Italy.*
Antipasto in oil, not over 9 cents per pound	20 percent	17½ percent	Do.*
Aquavit	95 cents per proof gallon	85 cents per proof gallon	Denmark and Sweden.
Artichokes in oil, prepared or reserved	17½ percent	Same	Not available.
Canned beef including corned beef	3 cents per pound; 20 percent minimum	Same	Argentina, Uruguay, and Brazil.
Chocolate covered biscuits	7½ percent	Same	United Kingdom.*
Bitters containing spirits for beverage purposes	\$1.12 per proof gallon	\$1 per proof gallon	Italy.*
Canned blackberry juice concentrate	17 cents per gallon	Same	Not available.
Bonito in oil, 9 cents per pound or over	15 percent	Same	Peru.
Brazil nuts (shelled)	1½ cents per pound	Same	Brazil and Bolivia.
Brazil nuts (unshelled)	¾ cents per pound	Same	Brazil.
Capers	20 percent	Same	Italy.*
Cashew nuts	1 cent per pound	Same	India.
Sturgeon caviar, boiled in airtight containers	30 percent	0.7 cents per pound	Iran.
Sturgeon caviar, not boiled	do.	Same	Do.
Roquefort cheese	3 cents per pound; 13½ percent minimum	3 cents per pound; 12½ percent minimum	France.*
Pear cider	3 cents per gallon	Same	Not available.
Desiccated coconut meat	1¾ cents per pound	Same	Philippines.
Cocoa powder and cocoa press cake	¼ cent per pound	Same	Netherlands,* Brazil, and West Germany.*
Coffee essences	2.4 cents per pound	Same	Not available.
Filberts (shelled)	8 cents per pound	Same	Turkey.
Filberts (unshelled)	5 cents per pound	Same	Italy.*
Fish balls	4 percent	3 percent	Norway.
Ginger root, candied or otherwise prepared or preserved	17 percent	Same	Australia and Hong Kong.
Kippered herring not in oil	1 cent per pound	0.9 cents per pound	Canada and United Kingdom.*
Kipper snacks	5 percent	Same	Not available.
Marrons (candied) prepared or preserved	5.6 cents per pound	6 cents per pound	France* and Taiwan.
Oil'es in brine, pitted or stuffed	30 cents per gallon	Same	Spain.
Edible olive oil, packages under 40 pounds	4.3 cent per pound	3.8 cents per pound	Italy* and Portugal.
Edible olive oil, packages 40 pounds and over	3½ cents per pound	Same	Spain.
Pickled silverskin onions in brine	9½ percent	8 percent	Netherlands.*
Canned mandarin oranges	½ cent per pound	Same	Japan.
Canned hearts of palm	17½ percent	Same	Not available.
Paprika	5 cents per pound	Same	Spain, Hungary, and Morocco.
Pate de fois gras	7.5 cents per pound	5 cents per pound	France.*
Pignolia nuts (shelled)	1.8 cents per pound	1.3 cents per pound	Italy.*
Pignolia nuts (unshelled)	0.9 cent per pound	0.7 cent per pound	Do.*
Pimentos	4.8 cents per pound	Same	Spain.
Pistache nuts (shelled)	1¼ cents per pound	Same	Afghanistan.
Pistache nuts (unshelled)	¾ cent per pound	Same	Iran, Turkey, and Afghanistan.
Poppyseed	0.03 cent per pound	Same	Netherlands* and Poland.
Vanilla beans	7½ cents per pound	Same	Madagascar.
Rice wine or sake	50 cents per gallon	50 cents per gallon	Japan.

TRADE EXPANSION ACT OF 1962

Commodities produced in the United States in insignificant quantities, or not at all—Continued

[Asterisk (*) denotes member of European Economic Community]

MISCELLANEOUS CONSUMER ARTICLES

Commodity	Present duty	July 1, 1963, duty	Principal sources of supply
Piano accordions.....	15¼ percent	14 percent	Italy,* Canada, and West Germany.*
Alabaster articles.....	19 percent	17 percent	Italy.*
Bamboo baskets and bags.....	22¼ percent	20 percent	Japan and Mexico.
Bamboo lawn rakes.....	25 percent	Same	Japan.
Bicycle bells.....	45 percent	40 percent	West Germany.*
Music boxes and parts.....	18 percent	16 percent	Switzerland.
Brass household articles.....	12¼ percent	Same	India, United Kingdom,* and Japan.
Brass candlesticks.....	19 percent	Same	United Kingdom.*
Belleek chinaware.....	Various	Same	Do.*
Chinaware and earthenware figures.....	do.	Same	United Kingdom* and West Germany.*
Cut chased lead crystal.....	Various	Same	Japan, West Germany,* and Sweden.
Earthenware beer steins.....	21 percent plus 4 cents per dozen	Same	West Germany.*
Papier mache figures.....	31¼ percent	8¼ percent	Italy,* Hong Kong, and West Germany.*
Polyethylene flowers and foliage.....	31¼ percent	28 percent	Hong Kong, Japan, and Italy.*
Foldboats and fiber glass kayaks.....	5 percent	Same	West Germany.*
Chased or overlay colored cut glass.....	50 cents each minimum, 30 percent; maximum, 50 percent.	Same	Do.*
Lead crystal glassware copper-wheel engraved.....	Various	Same	France,* and Sweden.
Venetian glass.....	19 percent	17 percent	Italy.*
Paper handbags.....	17¼ percent	Same	Japan.
Ivory manufactures.....	15 percent	Same	Hong Kong, Japan, and India.
Coromandel lacquer screens.....	40 percent	Same	Japan.
Rockingham tea pots.....	6¼ percent	Same	Japan, United Kingdom,* and Italy.*
Lacquerware.....	16¼ percent	Same	Japan.
Paper screens.....	17¼ percent	Same	Do.*
Poultry shears.....	22¼ percent and 10 cents each	Same	West Germany,* and Italy.*
Straw stemmed hand blown stemware.....	16¼ percent	Same	Italy.*
Teakwood articles.....	Various	Same	Hong Kong.
Tin household articles.....	12 percent	Same	Japan, Hong Kong, and United Kingdom.*
Violins and violas.....	62¼ cents each plus 17¼ percent	Same	West Germany.*
Bows for violins, etc.....	15¼ percent	14 percent	Do.*
Willow baskets and bags.....	22¼ percent	20 percent	Yugoslavia, Japan, and Spain.
Willow fish creels.....	25 percent	Same	Japan, and Hong Kong.
Wood carvings.....	16¼ percent	Same	Italy.*

(The following was later received for the record:)

APPENDIX A

Partial list of products dutiable at an equivalent rate in excess of 100 percent based on 1960 values

Firecrackers	percent	107.2
Flavoring extract.....	do	105.7
Lemon juice concentrate.....	do	103.2
Pen knives.....	do	127.1
Pistols and revolvers.....	do	136.4
Sodium nitrate.....	do	209.1
Certain stainless steel forks.....	do	125.2
Watches:		
17-jewel, small 6" by 8" ladies' or girls' watch movements:		
Cost.....	each	\$2.67
Duty.....		\$3.37½
Equivalent to.....	percent ad valorem	126.3
If the same watch has 18 jewels: ¹		
Cost.....	each	\$2.75
Duty.....		\$10.75
Equivalent to.....	percent ad valorem	376
Woven wool fabrics, not specifically provided for.....	percent	108.0

¹ It is estimated that 90 percent of the watch movements now imported with 7 to 17 jewels, if imported with 18 jewels would be dutiable at a rate equivalent to between 300 and 400 percent. Accordingly, such movements are not imported.

APPENDIX B

A few imported articles that have been reduced since 1934 to 17 percent or less of such rate

Cobalt oxide: 1934 rate, 20 cents per pound; 1963 GATT rate, 1.5 cents per pound; equal to 7.5 percent of original rate.

Cellulose acetate and compounds—powder, flakes, waste, sheets, blocks, etc.; 1934 rate, 50 cents per pound; 1963 GATT rate, 7½ cents per pound; equal to 15 percent of original rate.

Motor boats valued not over \$15,000: 1934 rate, 30 percent; 1963 GATT rate, 4 percent; equal to 13½ percent of original rate.

Fish prepared or preserved—Fish balls, cakes and pudding: 1934 rate, 25 percent; 1963 GATT rate, 3 percent; equal to 12 percent of original rate.

X-ray tubes and parts: 1934 rate, 35 percent; 1963 GATT rate, 5½ percent; equal to 15.5 percent of original rate.

APPENDIX C

Items on which duties have been suspended by congressional action

Alumina, amorphous graphite, metal scrap, shoe lathes, and certain silk yarns.

Commercial items on which new tariff paragraphs have been added, providing for permanent duty-free treatment

Casein (pending), fowling nets, furfural, guar seed, horsemeat unfit for human consumption, mica films and splittings (not cut or stamped to dimensions), bamboo pipe stems, pumice stone for use in the manufacture of masonry products, and certain yarns wholly or in chief value of wool.

The CHAIRMAN. The next witness is Mr. Thomas O. Toon, of the Trade Policy Congress. Will you proceed, please, sir?

STATEMENT OF THOMAS O. TOON, CHAIRMAN, TRADE POLICY CONGRESS

Mr. Toon. Mr. Chairman and members of the committee, before I read my prepared statement, I would like to refer to the bill itself and the discussion this morning with Mr. Shuman and Mr. Gilbert

with reference to the intent of the bill, section 102, and that part of the bill, section 201, wherein it says that the President shall, to the extent that such action is consistent with the purposes of section 102, and then I refer you to section 102 which explains itself. I believe they are inconsistent.

Mr. Chairman, my name is Thomas O. Toon, 1511 K Street NW., and I am chairman of the Trade Policy Congress.

Our national membership is made up of people from 30 of the 50 States of the Union. Our average contribution is less than \$25 from people from all walks of life—union officials and members, textile employees and employers, glass, ceramic, brass, steel, needle, fish, plywood, lumber, cattle, grain, citrus, oil, mining, motion picture employers and employees, grocers, canners, bankers, and just plain loyal Americans are counted among our supporters. Oh, yes, we have a number of Members of the lower House and some from your august body who support us and our work—grassroot voters who are responsible for the election of all our Government officials.

I might say here, Mr. Chairman, that we are a group of American people fighting for the economic life of our country which we love.

H.R. 11970 has been sent to this committee as passed by the House June 28, 1962. On behalf of our membership I urge you to examine this H.R. 11970 very closely to see what this proposed legislation would do, how this bill would break with our past trade policies and what additional legislation must be submitted if this H.R. 11970 becomes law. We find it most objectionable because it misleads, it is not understood, and further, it attempts to solve our economic dilemma by approaching the heart of our problem from two entirely different premises and I will try to explain why we reached this conclusion.

Title I of the bill submitted says:

(1) to stimulate the economic growth of the United States and maintain and enlarge foreign markets for products of U.S. agriculture, industry, mining, and commerce.

We flatly state that this bill will not obtain these worthy objectives.

The bill will give more power to the State Department bureaucrats, yes. Whole new agencies within the State Department must be created to staff and police this action, yes.

It will take the constitutional functions from Congress and concentrate this power in the hand of the White House staff members.

It will speed victory for the one worlders of the Department of State who have fought for this power for the last 16 years and will delegate Congress to a sideline position.

It will remove the rights of our elected Representatives and Senators to represent their electorate.

It will contribute to the establishment of world government by acting as a giant step, which can find its spawning grounds in the Atlantic Community—merged with the NATO (North Atlantic Treaty Organization) into a supergovernment, which would provide a foundation of both political and military for denationalized global rule.

Similarly an Atlantic Trade Act (ATA) in conjunction with (EEC) European Economic Community and (GATT) and the (ECM) European Common Market would comprise a form of

international economic dominion. More widely scaled than NATA which could be merged into a world government with military and political attributes.

We feel the American people are insufficiently aware of the progress already made toward economic supergovernment in which the United States would be but one satellite member.

If the foregoing is not sufficient reason for our asking you to stop and look carefully, then may we suggest: (1) See what action is taken when we ask for the concessions long overdue from those who because of alleged dollar shortages after agreeing to cut tariffs did not do so, as we did; (2) let's see if Britain cuts loose her Commonwealth markets and joins the European Common Market and what other countries join the European Common Market or what other countries may pull away from this new organization; (3) make sure that all tariff and trade cuts or increases are based on reciprocity, and not necessarily on the most-favored-nation practices; (4) let's see more of the trade restrictions imposed against our business and industry removed. Let Congress determine if General Agreements on Tariffs and Trade (GATT) should be continued. Let's see what we can do to prevent violations by member nations to GATT agreements. Let's strike back when a member nation discriminates against us by raising tariffs and/or imposing quotas; (5) appoint a joint Senate-House committee to study the basic economic and fiscal problems confronting us related to trade, including balance of payments, dollar reserves, deficit financing, labor wage scales, cartels—nobody has mentioned cartels—and co-ops, and then submit a good trade bill. Today you are asked to pass on a bill that is bad legislation. Your committee should have a report based on the conclusions reached by a joint trade congressional committee.

How can our Republic hope to survive without truth and knowledge? You have the right to demand time to devise the right solution. Your alternative will be to compound the errors.

In my introduction I mentioned the attempt to approach our economic dilemma from two different premises. The second negative approach is found in title 3 of the bill, whereby the administration would "offer assistance to firms adversely affected by actions taken in carrying out trade agreement" (p. 34, sec. 311) and—"assistance to 'workers'" (p. 49, ch. 3, sec. 321)—"determine by the Secretary of Labor if applicants are entitled to receive assistance workers shall for—(1) 156 weeks immediately preceding such total or partial separation at least of 78 weeks of employment at wages of \$15 or more per week * * *."

I will not take your time by reading what the bill suggests by way of retraining and relocation of plants, employers from Virginia or Kansas or any other State, and/or employees, but I may ask what happens to the small business men and women, the butcher, the baker, and candlestick maker, the village or town policeman and tax collector if all of their producers and tools have been "retrained" and relocated. Will they move too? Or will they be retrained to cut the grass in the towns vacated by the acts of George Ball & Co.?

Millions of taxpayers' dollars have been spent paying the salaries, expenses of travel, and maintenance of Government official bureaucrats, per diem "consultants," economists, writers, newsmen, and

everyone else available the promoters of one world felt would do a better job of brainwashing the public and smothering the news media with distorted news stories.

Not being content with trying to "win friends and influence people" with facts so that these people can be used to pressure their Congressmen, many topflight bureaucrats resort to damn lies—to deceit, yes, treason.

An excellent example of some of the methods used by the big-government operators and the "one worders" and the "special interest" groups was illustrated by Mr. Edward Scriven, the Chief of the Bureau of International Business Operations in the U.S. Department of Commerce, in Los Angeles, Calif., February 5, 1962.

The following is a news story carried in the Los Angeles Herald & Express, on Friday, January 5, 1962:

U.S. FIRMS' FOREIGN TRADE LAG HIT BY OFFICIAL

More than 50,000 American manufacturers make appliances and other items that they could sell around the world—if they only shook off their lethargy and investigated the possibilities of foreign trade.

I ask here, Mr. Chairman, if Mr. Scriven has shaken off any of his lethargy to look into this thing.

This message was brought to businesses in California today by L. Edward Scriven, Chief of the Bureau of International Business Operations in the U.S. Department of Commerce.

He told a press conference in the Biltmore Hotel—after addressing the International Advertising Association—that only 12,000 American manufacturers engage in foreign trade now. This is about 4 percent of the 300,000 companies in the United States.

BOOST NEEDED

"Many of these companies could not engage in trade abroad, but at least 50,000 more could," he said. "We need a \$5-million-a-year boost to give us the needed 4-to-1 ratio of exports to imports."

These are the figures I want to call to your attention.

This country is exporting at the rate of \$15 billion a year, and importing about \$5 billion a year—

You know that is not a fact, Mr. Chairman—

"a 3-to-1 ratio which is not enough to form a balance of trade considering the amount of foreign aid military expenditures abroad and Americans in the tourist field," he declared.

He doesn't say anything about the housekeeping money.

"Our imbalance is about \$1.5 billion a year now," Scriven said. "We're short that much and could easily make it up if enough companies would take an interest. We'll take them by the hand and help them and we have re-activated the 'E for Export' banner for those firms which make new contributions to international trade."

Scriven cited one example in Europe where appliance manufacturers could sell. This is in the Common Market countries where the radio appliance saturation is only 30 percent, and in the Scandinavian countries where it is only 20 percent. This is compared to a 98 saturation percentile in the United States.

I herewith ask your committee to request an appropriate committee to call this man to the stand and make him say, under oath, where he got his information, who wrote his speech, by whose authority was he allowed to take the platform, and allowed to practice mild treason against our country's welfare.

It is now time we find out where the orders come from, who directs the activities of scores of Mr. Scrivens who go about the country preaching lies; "brainwashing" the press and people.

What did the Bureau of Census report of our imports versus exports for the years 1958-60? The ratios there would be:

	1958	Ratio	1959	Ratio	1960	Ratio
	<i>Millions</i>		<i>Millions</i>		<i>Millions</i>	
Imports.....	\$12,951	3	\$15,294	15	\$14,722	14
Exports.....	16,263	4	16,282	16	19,407	19

Yet, Mr. Scriven uses the figures of one import to three exports.

Is it not time the public, the press, and news media be given the facts, the truth, and then let them tell you what they think is good for our country. Why be responsible for bringing economic ruin to our beloved country.

The decision rests with you. May God guide you in your decisions.

Mr. Chairman, I would like to include in my remarks the following material and make part of my statement. This is "Part II: The Data Relating to the Impact of Imports and Exports on U.S. Employment," as reported in hearings of the Subcommittee on the Impact of Imports and Exports on American Employment of the House Committee on Education and Labor, 1961-62.

Trade Policy Congress proposes a plan to alleviate foreign imports dilemma.

Thank you very much, gentlemen.

The CHAIRMAN. Thank you, sir. Your pamphlet containing the questions and answers on the proposed plan to alleviate foreign imports dilemma will be inserted in the record. Part II of the report of the House Committee on Education and Labor on "Impact of Imports and Exports on Employment" is already a printed document and will not, of course, be duplicated here.

Mr. TOON. Any questions?

The CHAIRMAN. No questions.

(The documents referred to follow:)

**TRADE POLICY CONGRESS PROPOSES A PLAN TO ALLEVIATE FOREIGN IMPORTS
DILEMMA—SOME QUESTIONS AND ANSWERS**

THE PURPOSE OF THIS FOLDER

In 1960 we received thousands of letters from our members and others who are interested in the import-export policies of the U.S. Government.

To answer many of the typical questions we have prepared this folder. It may seem long, however, since you are interested in the foreign trade policies, you may well find an answer to some question that you may like to ask. Should you have questions other than quoted herein, write us, we will gladly furnish you with additional information.

The Trade Policy Congress is set to fight the battle for all our people and not for any special group. We invite you to join with us in this battle of the sixties.

OFFICIALS AND DIRECTORS

Officials:

T. O. Toon, chairman.

William V. S. Smith, secretary-treasurer.

Tyre Taylor, counsel.

Charles E. Barteau, regional manager.

Directors:

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 T. O. Toon, Seattle, Wash.
 P. M. Vincent, president, Vincent Brass & Aluminum Co., Minneapolis, Minn.
 Gen. Albert C. Wedemeyer (retired), friends advice, Maryland.

THE TRADE POLICY CONGRESS ANSWERS SOME QUESTIONS

(1) Question. What is the trade policy congress?

Answer. It is a nonpartisan, working organization having a single objective: To obtain legislation, the effect of which will enable U.S. producers to compete on an equal footing in the domestic market.

(2) Question. How does it propose to do this?

Answer. It proposes to work for legislation which would restore the tariff-making power to Congress.

(3) Question. Would not this result in a return of the old, "log-rolling" practices, whereby one Congressman would vote for a high tariff on articles produced in some other Congressman's district in return for similar treatment for articles produced in his own? In other words "you scratch my back and I'll scratch yours."

Answer. No; it would not, because the legislation advocated by the Trade Policy Congress puts the actual tariff-setting in the hands of the Tariff Commission, a group of specialized experts representing all affected sectors of our national life. Individual Congressmen would have nothing to do with actual tariff setting, although Congress could override any decisions of the Commission.

(4) Question. Would this present any constitutional difficulties?

Answer. No. The Constitution expressly provides (art. I, sec. 8) that the tariff-making power shall be vested in Congress. There was no departure from this for 145 years prior to 1934, when Congress delegated this power to the President who, in turn, delegated it to the State Department.

(5) Question. Why was this done?

Answer. President Roosevelt thought that high tariffs were in some degree responsible for the depression and he asked for and was granted the power to reduce them on a reciprocal basis. His Secretary of State, the late Cordell Hull, told Congress in 1934: "The bill, H.R. 8687, frankly proposes an emergency remedy for an emergency situation."

(6) Question. In escape clause proceedings, the President has frequently overruled the recommendations of the Tariff Commission and denied relief. Upon what theory was such action taken?

Answer. It was taken upon the ostensible theory that foreign trade is an instrument of our foreign policy and that only the President (the State Department) is in a position to evaluate the foreign effects of any tariff changes.

(7) Question. Is this a sound contention?

Answer. Only superficially so because, under the present arrangement, the Tariff Commission makes no effort to determine the larger question of the damage to U.S. industry. However, if given the power and made answerable to Congress, there is no reason why the Tariff Commission, perhaps in consultation with the State Department, should not weigh and evaluate all factors, including the impact of tariff changes upon foreign policy.

(8) Question. I have been impressed by what seemed to me to be a leaning or bias on the part of the State Department for "free trade." It has even, at times, seemed to treat some industries as "expedient." Is there anything to this?

Answer. The record points in that direction. The State Department seems to think that its job is to reduce tariffs, obtaining concessions where it can. Many people feel that, in its anxiety to "make a record" the State Department has overlooked or brushed aside the effects of its actions upon U.S. industries.

(9) Question. Is the TPC in favor of high tariffs?

Answer. No; high tariffs have no intrinsic merit. The TPC believes that tariffs should be high enough to compensate for the lower wages and other trade advantages enjoyed elsewhere and that U.S. producers should be enabled to compete on an equal footing in the domestic market.

(10) Question. But can't U.S. industry compete successfully by increasing its efficiency and productivity?

Answer. The available data indicate that European productivity is about one-half of ours, but their wages are from one-third to one-fifth of what they are here. In the case of Japan, the disparity is much greater.

(11) Question. But can't we improve our productivity?

Answer. In some instances, this may be possible. However, it should be remembered that the old American monopoly on the know-how of mass production is a thing of the past. In many instances, our foreign competitors have plants just as modern as our best and know-how second to none. We brought over between 8,000 and 10,000 foreign production teams, engineers, and production managers, showed them how we mass produce and operate modern plants. We sent over our own engineers and production specialists to train our foreign competitors. One only needs to read the newspapers ads to see the quality products in our stores, produced in foreign countries, to appreciate that they—our foreign competitors, too, are improving in their productivity and quality and that we have no monopoly on brains. Sure, we can improve, but so can they.

(12) Question. What about our need for foreign raw materials, such as nickel, tin and cobalt?

Answer. We should continue to import them, duty free, as our needs dictate. We should also continue to import those commodities, such as coffee, bananas, natural rubber, etc., duty free, which are not produced here, or could be produced here only at too great a cost.

(13) Question. You say the present trade agreements program is not truly reciprocal. Explain this.

Answer. As we understand it "reciprocal" means that if we grant a concession to nation A, for example, it will, in turn, grant an equivalent concession to us. But the trade agreements program has not worked out that way. Other nations may reduce their tariffs in response to concessions from us, but they accomplish the same result—protection—through the imposition of quotas, embargoes, exchange controls, and a lot of other devices which are not covered by the agreements.

(14) Question. Isn't it true that, in some instances, our low tariffs now substitute for foreign aid? And if so, wouldn't any reduction in tariffs have to be compensated for by increased taxes?

Answer. Our answer to the first question is yes. As to the second, we would observe (a) that we hope that foreign aid is not fixed and permanent; and (b) it seems to us unfair to expect particular industries to bear the brunt of foreign policies which are supposed to benefit all of the people.

(15) Question. Isn't it true that if we do not buy the products of our friends and allies, the Soviets will?

Answer. That is possible and, in some instances, likely. It happened in the case of Cuban sugar, though Cuba is no longer a friend or ally. However, alliances are based upon mutual self-interest and it is not likely that any country now allied with us would pull out and go it alone, much less join the Soviets, merely because we stopped subsidizing their exports to this country. Furthermore, the Soviets invariably have ideological strings attached.

(16) Question. But is not raising tariffs treating symptoms rather than causes? Isn't our trouble that we have priced ourselves out of the market?

Answer. The American standard of living is the highest in the world and this is the underlying reason why our prices are higher. America will always be faced with this problem of high costs as long as our standard of living remains above that of the rest of the world. The problem is really proof of our economic superiority. And the political realities are that you may be absolutely sure that American standards of living will not come down unless we have a disastrous depression—which would mean the end of our free economy.

(17) Question. But isn't labor itself hurt when an American industry opens plants abroad?

Answer. Of course it is, and one of the most encouraging aspects of the present situation is that intelligent labor leaders are beginning to recognize this. We have received firm assurances that some of them will be our staunch allies in the fight ahead.

(18) Question. How do you expect to get Congress to act?

Answer. When the Trade Agreements Act was last extended in 1958, the crucial vote in the House was on the Reed motion to recommit the bill to the Ways and Means Committee. This motion was defeated 268 to 146, a margin of only 61 votes. In other words, a change of 62 votes would have sent the bill back to the committee. Many of these Congressmen say now that if the motion were up again, they would vote for it—that is, to recommit. More will change as more industries are hurt, and unemployment increases. We propose to put on a grassroots campaign to change a sufficient number of votes to prevent any extension of the act in its present form.

(19) Question. What do you mean by "grassroots"?

Answer: We mean that the TPC will go into the districts of doubtful Congressmen and organize working task forces of representatives of hurt and threatened industries. It will be the task of these committees, working under guidance from TPC headquarters, to make it politically feasible and desirable to vote for a return of the tariff-making powers of Congress.

(20) Question. You mention committees of representatives of hurt or threatened industries. Why not also enlist the aid of the retailers, wholesalers, and others whose business is dependent, at least in part, upon the purchasing power of the workers who are laid off because of low-cost import competition?

Answer. Every month we find increasing interest by retailers and wholesalers who now are feeling the loss of customers because of the idle plants in their marketing areas. Yours is an excellent suggestion; we are doing what we can to solicit greater numbers of supporters from these fields.

(21) Question. The Secretary of Commerce stated when the Trade Agreements Act was last up for extension that foreign trade accounts for at least 4½ million jobs. Would you comment on this?

Answer. The Secretary was careful to explain that this figure includes "those engaged directly or indirectly in production or service for export, or in the distribution of imports, or in the first factory processing of imported materials." [Emphasis supplied.] Presumably, it includes all those engaged in the handling and first processing of items and commodities, such as coffee, raw rubber, etc., which we should continue to import anyway and the workers in which would not be affected. Presumably, it also includes several million retailers and wholesalers who are engaged in the distribution of imports, but would be just as happy (and maybe happier) to be selling U.S.-made goods if the prices were comparable. When thus broken down, the Secretary's figure of 4½ million is not very meaningful.

(22) Question. What can the TPC do that my trade association, to which I am contributing, is not already doing? You seem to be working toward the same worthy ends. But is there not duplication of effort?

Answer. More than a dozen trade association executives and staff members of chambers of commerce have told us: "We would like to go all out in support of your fight, but we have a divided membership and cannot afford to take the chance of offending some of our largest contributors; but we will do all we can behind the scenes in support of your fight." The TPC differs from the typical trade association in that the latter's activities are mostly confined to its own members. Moreover, the trade association must divide its energies and resources among a myriad of necessary activities. As a single-purpose organization, the TPC operates under no such limitations and offers a program which all hurt or threatened industries and their organizations can support. This will undoubtedly

result in some duplication but we feel that the present situation is desperate; that no work in our direction is wasted work; that, indeed, there cannot be too much effort or too many organizations striving toward this highly important objective.

(23) Question. When we discuss tariffs and suggest that free trade is largely responsible for our raising numbers of unemployed and the continuing loss of our gold reserves, a number of people will say: "Yes, maybe it is partly responsible, but higher tariffs are not the answer. There are many other reasons for it: high wages, low production, etc." How can I counteract such statements?

Answer. Their answer is like the story of the caretaker, who, seeing a small leak in a big dam, says: "I'll not pay any attention to it, as it can't hurt our big dam." He has to see the dam start to disintegrate before he calls for help; he will take no defensive measure until it is too late. Tell your friends: "Free trade cannot exist so long as most countries of the world control the value of their money and rate of their exchange so as to serve their selfish interests; free trade cannot exist so long as most countries of the world permit state cartels, supercartels, and private cartels; free trade certainly cannot exist so long as much of the world is in the control of dictators who determine the price at which their goods are exported. And so, the tariff, instead of being the antithesis of free trade, is probably the only instrument that will compel the other nations to adopt ethical practices which makes the functioning of free trade possible.

(24) Question. Many time we hear: "Labor in the United States is too high; we are prying ourselves out of the market." How do you attempt to answer this?

Answer. True, our wages are high, but so is our standard of living. Should we go back to our standards of the 1910's, give up so many of the things we like; ask our workers to live on a diet of rice, as many Japanese workers must do; or be content with the same standards as the people in some parts of Europe or in Russia enjoy? Since 1932, wages in the United States have gone up 380 percent, while over that same period the average wages in Europe have gone up 240 percent and in Japan 87 percent. Since 1933, the tariff on dutiable goods has gone down from 60 to 11 percent. So that, to all intents and purposes, the United States today is a free trade country. The result of these figures indicates that if the tariff in 1932 was just sufficient to equalize the cost between those obtaining in Europe and in the United States, then today, as a result of the new wage and tariff differentials, Europe can produce and lay goods down in the United States in many instances for half of our cost. The Japanese producers have a much greater advantage than the European producers. All this poses a threat to our own domestic market, our employment and our gold reserves.

(25) Question. If your fight is won will it not be at the expense of the consumer who no longer will be able to buy cheap imports?

Answer. In the long run, prices are controlled by economic conditions. As employment drops, more and more people find it more difficult to find the funds to buy anything in the marketplace—the man or woman who may have bought a cheap shirt or skirt that was imported from Hong Kong may no longer have a job because the mill or factory in which they were employed was shut down from lack of orders—or, if they work, as a builder or for a contractor, and the construction industry is feeling the lack of new contracts, then they may have to wait until their employers find new work and so they also would lack money to buy anything not absolutely necessary in order to exist. When plants and jobs are exported, then the consumer as well as the producer feels the impact.

(26) Question. If we adopt means to decrease the imports of Japanese products, won't they join the Communist camp; won't our other friends desert us for the Communist market?

Answer. Great Britain, West Germany, Canada, and other friendly countries are today doing business with Red China and Soviet Russia. And as it proves to their economic advantage, they will increase their trade with the Red nations. We can't expect to buy friends. The United States does not have enough money, enough gold, to do so. If we must make our own people stay home and be unemployed so as to please the rest of the world, then our American way of life has ended. It is time to start thinking about the health of our own country and its people. Then, when we are strong, we can further help our friends.

(27) Question. Who is behind the Trade Policy Congress?

Answer. A very distinguished group of Americans comprise TPC's board of directors. Its chairman, Mr. T. O. Toon, of Seattle, has had long experience with

business, and industry, representing organizations and is known and respected throughout the country. No one industry or company dictates the policy of Trade Policy Congress. Its policies are made to represent all American industries, their employees and our people who depend on a sound American economy.

The foregoing is an attempt to bring out the answers to some of the questions that have been asked by our members and others.

Those of you who have read this material may well appreciate the urgency of our winning this battle for American producers and their employees.

The CHAIRMAN. The next witness is Sidney Zagri, International Brotherhood of Teamsters. Take a seat, sir, and proceed.

STATEMENT OF SIDNEY ZAGRI, LEGISLATIVE COUNSEL, INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN & HELPERS

Mr. ZAGRI. Mr. Chairman and members of the committee, my name is Sidney Zagri, and I am legislative counsel for the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America.

On behalf of General President Hoffa, our general executive board, and our 1,725,000 members, I appreciate the opportunity of appearing before this committee to discuss the implications of H.R. 11970, and to propose amendments which, in our opinion, will strike a healthy balance between the needs of our domestic economy and the needs for an expanding export trade.

I would like to have permission at this time, Mr. Chairman, to insert my prepared statement into the record, and I will refer to it from time to time and expand on various portions of it.

The CHAIRMAN. Without objection, the insertion will be made.

Mr. ZAGRI. Now the problem that we face is a very difficult one.

We have, on the one hand, a European Economic Community which has reduced internal barriers substantially, has raised its external barriers.

We have a limited amount of bargaining power still at our command in order to bargain with this economic community, and this bargaining power has been substantially reduced over the last 28 years so that today, counting the recent Dillon round of negotiations in Geneva, our overall tariff average is about 10 percent, and we still have an even more difficult problem because the area in which tariff reductions must be made is now in the sensitive or import sensitive industries. These are the hard cases. These are the cases that have thus far been able to establish, either through peril point proceedings or through escape clause action or through some other method, that tariff reductions would not be appropriate because in many cases tariff reductions would pose a serious threat to those industries.

So we have a request by the President to have this committee and Congress delegate to him unprecedented powers to deal with this very difficult problem.

Now, in making this request, in requesting for new grants of power which would include broad categories covering a cross-section of our entire industrial life, our agricultural life, our fishing and our minerals, the President would have power to eliminate all tariffs in all of these categories. The commodities involved are too numerous for me to mention.

Suffice it to say they are listed in 114 pages of the report of the Ways and Means Committee.

Now, the power to reduce the tariff to zero is a power that no President has ever asked for.

As a rule, the power reductions have been at about the rate of 5 percent a year, a gradual approach to the problem. There has been a very good reason for this approach.

No. 1, there is a constitutional reason. Congress has the policy-making function in the area of tariffs. It generally has exercised this policy by deciding what portion of this power to reduce duties on commodities it wished to exercise at a given period.

It also has been somewhat cautious in delegating too much of this at one time for fear that it may be dissipated very quickly by the Executive, and for this reason it has parceled out this power very sparingly, as the situation required.

Now we find ourselves in a situation where the President says to the Congress, "give me all this power at one time," and if he uses all this power at one time, the little that is left, what bargaining power will be left for the future?

If, for example, in 1956 we had the request by a President that is made by President Kennedy today, namely, "let me have all the power to reduce and eliminate tariffs," the entire repository that the Congress possesses, and he had then dissipated these powers in his negotiations in which the European countries were committed to honor an obligation to permit Japanese goods to enter the European market, but they nullified this commitment, so a major concession that we thought we had received in return for concessions made in 1956 was never realized.

Now, is it wise, gentlemen, that we turn over this kind of all-inclusive power to the President in one delegation? What will there be left for future bargaining? The Common Market is still a very young organism.

We do not know definitely that it is a step to international free trade. It may be just reverse. It may be a step toward regionalism, in which you have an elimination of internal tariff barriers, but an increase in external barriers.

Free trade functions effectively in the Common Market because two of the basic principles established by the Articles of Rome require the following:

(1) A minimum wage for all members, countries of the Common Market; (2) that there shall be a mobility of labor, a free migration of labor among these countries.

We enjoy the same conditions in our common market in the United States. We have under our Constitution and under our laws prohibited the placing of any limitations upon the free travel in interstate commerce.

We have imposed a limitation with respect to the question of shipping goods that are made by wages less than a minimum wage, and so, having these basic conditions, free trade works and has worked successfully in the United States for over 150 years.

But these basic conditions do not exist between the Common Market and the United States. For it to exist we would have to eliminate our immigration laws, we would have to eliminate our, and repeal

our, minimum wage laws, and reduce our wages to the minimum level of wages paid labor in the Common Market. I am certain that you gentlemen would not propose to do that.

Yet we are asked to scrap our experience of gradual evolution under our Reciprocal Trade Act and grant the President this cart blanche authority to be used as he wishes indiscriminately, without even so much as a preservation of the safeguards which we have today to protect an unwise and injudicious use of this power on the import side.

We have safeguards which serve as a blueprint to the President in guiding him in his tariff negotiations through the peril-point procedure, and also we have safeguards which protect injured industries through the escape clause in the event that evidence is propounded which will establish that there is a threat of serious harm to an industry or a segment of that industry due to imports.

The proposed bill is designed to scrap, to emasculate, both of these basic provisions of the peril-point procedure and the basic provisions of the escape-clause procedure.

In the peril-point procedure the proposed bill no longer requires that the Tariff Commission make basic findings but simply requires that it advise the President with reference to the effect it may have on the overall industry, not the particular segment of the industry that may be involved.

Secondly, under the peril-point procedure as it is proposed there must be a recommendation that the injury would be due to the sole impact of the concessions sought.

Now, we propose to return to the original peril-point procedure which has served us in good stead, as recently as the recent GATT negotiations.

The Tariff Commission found, in examining the articles proposed on which concessions were sought, that concessions granted in the instance of over \$328 million worth of commodities, that if tariffs were reduced in these categories and commodities, that serious threat and serious injury would be inflicted upon these industries.

The result was that in the GATT negotiations the President was not free to negotiate concessions covering \$328 million of industry.

It is true the President pierced the peril point 62 times, but he was required to make specific findings as to his reasons. Under the proposed bill no such specific findings would be necessary.

So it seems to me that the President is making inaccessible to him a very important function, a very important mechanism which will protect the domestic economy where this protection is needed most, namely where there is a declining business, a declining profit, a depression in terms of employment, and in terms of wages.

But his position and the position of this bill on the question of peril point can be better understood if we examine the recommendation with reference to the escape clause, because under the escape-clause recommendation of this bill, we find that it is now the policy of this Government to cause deliberate harm to a given industry if it suits the policy of our foreign trade negotiations, because if this were not true what would be the need of these elaborate procedures that have been established for the purpose of trade adjustments which are nothing more

than handouts and doles to the workers, and nothing more than the Government using its large financial reserves to get into the internal affairs of business?

You will notice that under the adjustment provisions, the Government shall have power to afford technical assistance, it shall have power to examine the internal operations of a company, which would include its labor policies, which would include its productivity, which would give it power to get into the internal management affairs of a corporation, yes, even in relation to its relations with labor unions.

I say that when Government takes this step it becomes a partner of business, it becomes business itself, it becomes the employer, because it is establishing the ground rules upon which a particular business may function.

If the business does not make the grade, the Government will become the employer because it would have to take over this business.

Where do we stop? Isn't it better for us to proceed under the present escape clause provisions which make it possible for a business to be salvaged, providing there is a demonstration that there is a threat of injury, simply by making the proper tariff adjustments so that there will be established a compensating factor with reference to the differences in costs between the economy or the industry of the United States and the industry of the exporting nation?

I would like to discuss another aspect of this bill, and that is the most-favored-nation clause. Here we have a situation where under the most-favored-nation clause this Government will extend to Japan the same benefits that we will extend to the European Economic Community, but we will not require the members of the European Economic Community to extend the same concessions to Japan.

There is nothing in the bill as it is presently written which will in any way eradicate the present practice of shutting out Japanese goods from the European Common Market.

Failure to do so on our part simply means that we are going to open our market to the diversionary products of Japan which normally should be going to the European market. But the European Economic Community does not wish to have the cheap Japanese labor or compete with the labor of the European Economic Community, and yet the wage relationship of Japanese labor to European labor, the differential is not as great as the differential between American labor and European labor. Apparently what is good for the goose is not good for the gander.

So I think it very important from the standpoint of unifying the free world, if you please, that we insist as part of the concessions granted by us that these same concessions be granted to goods coming from Japan into the European market.

If this is not done, we will be faced with the prospect of an ever-increasing economic tie between Japan and the Soviet bloc because Japanese goods are excluded from Europe today by quotas and other restrictions, so they are seeking other outlets through the Soviet Union and its satellites.

I say that we would strike a blow for unifying the free world if we would use our bargaining power to cause economic relations to be established and maintained between the European Economic Community and Japan and other low-wage countries.

We would also be doing very much to preserve the integrity of our economy because we will be protecting ourselves against the influx of approximately \$3 billion worth of cheap labor goods made at labor rates between one-sixth and one-tenth of American wages, flooding this market from Japan during the next 10 years.

We are also confronted with the possibility of the present rate of American jobs being exported, accelerated to a degree where the entire economy will be further hurt in terms of structural unemployment.

We not only are suffering from the impact of cheap low-wage goods with a high labor content, from Europe into this country, but we are also faced with American industries packing up and going over to Europe, and to the tune of expanding foreign investment in foreign plants from \$2 to \$6 billion in the last 5 years.

If we lower the tariff to zero this will be further inducement to establish plants abroad, and then ship them back made with cheap European labor or cheap Japanese labor at prices lower, at selling prices lower, than the actual costs of production in this country.

So I think that we will have to be indeed cautious before we extend to the President the power of reducing these commodities to zero or even to 50 percent in assessing, in making certain, that the safeguards that will give us the danger signals and warning signals with reference to the importation of specific commodities, if this mechanism does not exist; I fear that we will be inviting economic disaster.

I would like to, at this point, introduce a series of amendments. But before I do that, I would like to briefly discuss the comparative impact of exports and imports on employment because there is a close relationship between the amendments that I am about to offer and this all-important question.

The proponents and opponents of H.R. 11970 have been making extravagant claims concerning the number of jobs that would be affected by its enactment or failure.

Those who favor the bill visualize the expansion of American exports to the point where it will have an appreciable effect on employment.

During the Eisenhower administration it was common for official statements to say that the exports were responsible for 4 million jobs.

On January 25, 1962, the U.S. Bureau of Labor Statistics issued a report arguing that employment attributable to U.S. exports was about 3.1 million. On the same day President Kennedy surpassed all other claimants in his formal message on trade addressed to the Congress. The President said:

Several hundred times as many workers owe their jobs directly or indirectly to exports as are in the small group—established to be less than one-half of 1 percent of all workers—who might be adversely affected by a sharp increase in imports.

Only 200 times one-half of 1 percent is already 100 percent.

The President was saying, in effect, though loosely, that more than 100 percent of all American workers owe their jobs to exports, directly or indirectly.

Conversely, exaggerated claims have been made regarding the impact of imports on employment. For example, an analysis of 30 in-

dustries affected by import competition suffered a decline in employment of 1,169,000 from 1950 to 1960.

It is not claimed that this shrinkage of jobs was due entirely to the impact of imports.

Here we have a table of these 30 industries in which we see the shrinkage of employment.

Similarly, an analysis of job shrinkage State by State indicates a definite correlation between jobs lost and a disproportionate rise in imports over exports in a given commodity. (See exhibit E.)

A realistic appraisal of the comparative impact of imports to exports on employment will reveal that the case of both sides have been somewhat overstated.

First, let us examine the claim that the economic gain to the American economy from further lowering of our custom duties is likely to be large.

Consider what might result, at least, from the total elimination of duties on all our dutiable imports.

If we apply the percentage of our exports of \$20 billion to the amount of the GNP, we will find that it was about 3.8 percent in 1961. Now if, by the wildest stretch of the imagination, we should succeed in expanding our exports by \$5 billion which would constitute a 25-percent increase in the next 5 years, we would create an additional 640,000 jobs or an increase of approximately 128,000 jobs a year.

In terms of overall gain of our GNP, such a \$5 billion gain would amount to an increase of somewhat over 1 percent of our annual GNP. As a gain of the order of 1 percent is now being advertised, is this the bold new road to the future of the American economy?

The CHAIRMAN. The Chair regrets very much to interrupt you, but you have taken a very long time, and I notice you are on the 13th page.

Mr. ZAGRI. I will tell you, sir, let me just skim through here. I have already covered a number of items on some of these other pages.

I did want to get into this problem—

The CHAIRMAN. I say we are supposed to offer each witness 10 minutes, and we have five more witnesses. I dislike exceedingly to do it but I hope you can conclude. You are on your 13th page, and there are a lot more pages to read.

Mr. ZAGRI. I was not planning on reading all of them, Mr. Chairman.

The CHAIRMAN. Why not put it in the records. I think you have made your point pretty clear.

Mr. ZAGRI. Let me then just get to the question of our amendments. May I?

The CHAIRMAN. Yes. I regret this, but it is late in the day and there are five more witnesses. We must keep to the schedule. You have gone beyond the time allotted.

Mr. ZAGRI. I appreciate your having been more than generous in allotting me this time.

The following perfecting amendments to H.R. 11970 will be discussed here in principle (1) the essential conditions for granting concessions—may I just say that these amendments deal with two primary problems: One is the essential conditions which will help us in our

negotiation so we will get the maximum for what we concede and, second, the other amendments deal with safeguarding our domestic economy against imports in the import-sensitive areas. These are the two major areas in which our amendments are directed.

True reciprocity: U.S. exports must be assured equivalent customers treatment accorded foreign imports by the United States. For example, if the future GATT negotiations were such that the United States asked Germany for a concession on poultry, and then Germany requested that a concession from us on trucks be given—I think our tariff on trucks today is about 5 percent, the German tariff on trucks is 17 percent—this provision would require that the President not grant any concession on trucks until the German 17 percent is reduced to whatever the American tariff on trucks would be. This is the true principle of reciprocity, and I believe that we will, if followed, obtain a maximum gain in terms of our negotiations with the Common Market.

The second requires that the concession on each article must be negotiated with the principal supplier of that article in the world export trade.

It stands to reason that if the concession is given to the country that has the greatest stake in the concession, we are in a better bargaining position to get concessions from that country. Oftentimes in the negotiation the concession may be granted to a third country, and then through the most-favored nation doctrine the principal and dominant supplier will get the real concession and we will not be reciprocated properly.

Now, the third amendment will deal with a requirement that the recipients of U.S. concessions on particular goods admit such goods from Asia, Latin America, and Africa, with equivalent liberality to that accorded by the United States. This amendment would accomplish two things:

It would prevent European countries from continuing to exclude goods from Asia by quotas and other restrictive devices with consequent diversion of Europe's reasonable share of such goods into the U.S. market.

Two, it would knit the free world closer together by establishing economic ties between the Common Market, Japan, and other low-cost countries of Asia, Africa, and South America.

Now, in the area of the safeguard principles to protect the domestic economy, the following amendments will serve the purpose of protecting American industries, agriculture, and workers against disaster in a particular industry or segment thereof before it takes place.

On peril point procedure, this would replace the Tariff Commission's prenegotiation "advise to the President" of economic effects of proposed eliminations or reduction of duty with the present peril-point procedure, under which the Commission finds that the extent to which duties can be reduced without causing or threatening serious injury. In this investigation, the Commission will investigate all of the cost factors, which would include the cost of labor, raw materials, transportation, tax advantages, and so forth, all foreign-made goods. Similar investigations shall be made regarding the cost factors of the domestic commodity where serious injury is being threatened.

Specific criteria would be established to guide the Commission in establishing a peril point such as:

- (1) Significant decline in the domestic price level of the products competitive with the imported articles;
- (2) A significant decline in that article of the domestic industry producing such products; or
- (3) A decline of employment, a loss of wages due to short work periods, or a decline of wage rates in such domestic industry.

Now, with reference to the escape clause, this would replace the bill's posttrade agreement procedure to determine whether solely as the result of a concession imports of an article have idled plants, made firms unable to operate at a profit, and thrown workers out of a job.

It is to be noted that all three of these factors must be present before the escape clause can go into operation under the proposed bill, and also it must be established that the impact of the concession on this particular import is the sole cause of the injury and it must also be established that the impact must have an effect on the entire industry. It is not sufficient to establish that the impact is a serious threat to the particular segment of the industry that is seeking relief.

It should be a further requirement that the Tariff Commission must consider four cost items in establishing and equalizing injuries between the cost platform and the U.S. customhouse of foreign imports. The four items of cost which should be considered are: Wages, taxes, raw materials, and research. This principle will make unattractive the exportation of low-wage products and the dumping of low-priced articles into high income areas.

We have one additional amendment to the escape clause, and this would be a two-way basis for escape clause action.

At the present time, industries which are threatened with harm can seek escape clause remedies. However, we would suggest that where a foreign country has raised its wages, and this would then become a compensating factor, it would be possible then, by the Tariff Commission, to initiate action to have the tariff lowered in direct proportion to the increase in wages by that foreign country on that commodity, and in that way we would be accomplishing two things:

- (1) We would be encouraging and increasing the standard of living abroad, thus enlarging the market for our exports; and
- (2) We would be protecting American industry against low-wage competition.

We have certain administrative reforms. The purpose of this amendment would be to keep the execution of the trade agreements program in the hands of persons knowledgeable in domestic commerce. This amendment is in line with Chairman Mills' statement during debate in the House that "it is not the intention of your committee that the State Department run the show."

An amendment should be offered which will designate the Secretary of Commerce as the Chairman of the Interagency Trade Organization.

Participation by labor, agriculture and industry: In 1958 the House Ways and Means Committee recommended that in the course of negotiating a trade agreement, the President "should seek information and

advice with respect to such agreement from representatives of industry, agriculture and labor."

This amendment is based on the principle that labor, industry, and agriculture know more about the problems directly affecting them than do bureaucrats who are often more impressed with theory than with fact, with political expediency than economic reality.

Now, we have certain amendments that deal with a question of the adjustment provisions of the act, and I know that my time has more than expired, so I would like to have leave to introduce them into the record.

The CHAIRMAN. They will be given full consideration.

Thank you.

(The prepared statement of Mr. Zagri, together with the attachments follow:)

STATEMENT BY SIDNEY ZAGRI, LEGISLATIVE COUNSEL, INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN & HELPERS

My name is Sidney Zagri, legislative counsel for the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America. On behalf of General President Hoffa, our general executive board, and the 1,725,000 members, I appreciate the opportunity of appearing before this committee to discuss the implications of H.R. 11970 and to propose amendments which in our opinion will strike a healthy balance between the needs of domestic economy and expanding export trade.

This bill grants to the President unprecedented power.

I believe that Members of Congress have an obligation to know how much authority it is handing over and, secondly, to place some limits on the Executive on that authority.

This bill permits the President to eliminate duties entirely: that is, reduce them from the present level down to zero. Congress has never given the President this kind of authority before. Always there has been a limit on the extent of reduction. At first, the President was allowed to reduce duties by 50 percent. Later, we limited the reduction by 20 percent and by 15 percent, and basically at the rate of 5 percent per year. There are two reasons for limiting the President. First, there is a constitutional reason that requires that Congress must formulate policy in the matter of tariffs by using the percentage limitations on reductions. Congress exercised its own judgment as to the basic amount of tariff change, which was wise to the country.

The second reason for the limitation was one of proceeding with caution. The history of Executive use of delegated power is that once the authority is granted it is rapidly used up. In order to avoid the danger of leaving the United States without any bargaining power to use in coping with foreign trade developments in the future, Congress was extremely cautious in delegating any of its power except on a limited piecemeal basis.

H.R. 11970, we find four separate sections of the bill authorizing complete elimination of duties. At this time, it is difficult to predict which of these sections would be the most far reaching.

Section 211 of the bill is designed so that the President can fashion a system of broad categories of imported articles in which the United States and other Common Market countries may have supplied 80 percent of the value of the world's exports during shifting representative periods.

Under the power to eliminate all duties granted by section 211, the President will have the power of life or death of such basic industries as organic chemical, industrial chemicals, plastics, rubber, glass, farm, office, industrial and electrical machinery, motor and railway vehicles, coal and coke, just to name a few. The extended list included in exhibit AA will be substantially increased since the bill permits the President to define the categories and to select the representative period in which exports of United States and the Common Market countries (including potential new members like the United Kingdom, Greece, Denmark, Norway, and Ireland) account for 80 percent of the value of world trade in such categories.

In fact, Under Secretary George Ball stated in a recent speech before the EEO that over 90 percent of all industrial commodities will be included in this list when the United Kingdom joins the Common Market.

The second duty elimination of the bill, section 212, covers agricultural commodities. Obviously we do not have time to list all the commodities, which take up 149 pages of the printed hearings.

It is clear, thus, that the authority, which would be given to the President under section 211, pertains to a great part of our industrial economy, while the authority he would receive under section 212 covers virtually the entire agricultural economy of the Nation. Under section 202 of the bill, the mineral and fishing industries are covered by permitting the Executive to eliminate all duties which amount to 5 percent ad valorem or less. The administration offers no reason for its request to eliminate duties of 5 percent or less. The list of commodities covered under duty-eliminating powers of section 202 appears on pages 312 to 327 of the hearings. Under this heading such a diversity of categories as lumber, fishery, minerals, ores, zinc, aluminum hydroxide, iron and steel, nickel structural steel, nails, spikes, etc. The strategy of the bill and the State Department planners is clear. The great large categories of industrial, mineral, agricultural, and fishery production in this country are subject to elimination of duties at the outset of negotiations with the Common Market under the power granted under sections 202 and 212 the fourth granted power in this bill to eliminate duties entirely, deals with tropical, agricultural, and forestry commodities. The theory behind this section is to benefit the less developed countries in the world by persuading the Common Market to grant duty-free treatment on the commodities of these countries in exchange for our commitment to do likewise. While I have no quarrel with the objective of this section of the bill, which is to eliminate discrimination by certain European countries against coffee, cocoa, and other commodities produced in Latin America, it does not follow that as the section assumes that because more than one-half of the world's production occurs in the tropical latitudes, it is not competitive with the production of similar commodities of those in the temperate latitudes.

The President's request for this great power carries with it the implicit danger that he may dissipate our entire bargaining power with foreign countries at one time. Once duties are eliminated, there is nothing left for future negotiations. This unprecedented request for power is coupled with a request for the scrapping of the safeguards which previous Presidents have found so useful under the existing law.

There are five major defects in H.R. 11970:

(1) Congress is abdication its basic policymaking function and transferring all of its power over tariffs to the President in the vast majority of industrial, agricultural and mineral commodities.

(2) It is removing the basic safeguards designed to protect the domestic economy in emasculating the peril-point and escape-clause procedures, as written in the present law.

(3) In abandoning its tariffmaking function and in emasculating the escape-clause and peril-point procedures, it has destroyed the most effective regulatory mechanism for equalizing the differences in costs of production between the United States and other nations.

(4) This act under the most-favored-nation clause (sec. 251) extends the benefits granted to the Common Market to Japan and other low-range Asiatic countries without requiring the Common Market countries to extend the same concessions to Japan.

(5) The adjustment provisions of the act is a major shift in policy from the present selective use of trade agreement authority for the purpose of avoiding injury to the new policy of using trade agreement authority indiscriminately so as to cause injury.

Is this congressional abdication of its tariffmaking function necessary?

It is argued that the emergence of the Common Market requires this unprecedented delegation of power to the President.

What is there in the nature of the Common Market which requires that the President have this absolute power without any effective pre-congressional or post-congressional checks and balances?

The representatives of other foreign governments do not have the right to negotiate without ratification by their appropriate legislative bodies. The German negotiators must have approval for their negotiations by the German Foreign Trade Commission.

A recent illustration of the disadvantage which the United States suffers in this respect is shown by a statement of Maurice Brasseur, Foreign Trade Secretary of Belgium (dispatch, Brussels, Daily News Record, New York, Mar. 28, 1962) that his Government "has firmly decided to impose restrictions on U.S. exports to Belgium by means of annulling existing, or contemplated concessions," in retaliation for the action of the President in accepting the Tariff Commission's finding of injury and recommendation for a restoration on the statutory tariff on wilton and velvet carpets. Mr. Brasseur pointed out that Belgium has not yet ratified the recent GATT Agreement (the Dillon round of tariff reductions), or the International Cotton Textile Agreement. Thus Belgium has room for maneuver.

H.R. 11970's grant of total power to the President is contrary to actual parity of negotiating power between nations, since other nations possess a measure of flexibility through legislative ratification proceedings which we lack due to the Executive's insistence that his actions be above congressional recall.

In collective bargaining, the unions' negotiating committee has great flexibility in maneuvering with the employer by shifting responsibility to the membership through requirement of membership ratification. However, the President has no such out, since his negotiations are not subject to ratification by Congress, or a body appointed by Congress.

It is unwise to place all of our bargaining "eggs in one basket." It is wiser to leave a reserve of this power in Congress, with piecemeal delegations to the President as the situation may require.

The significance of the Common Market should be fully understood before any far-reaching program, such as envisaged in H.R. 11970, is undertaken.

The Common Market is to the European nations, what the United States was to the Thirteen Colonies. Just as it was good for the United States to have free trade among the States, so it is a step forward for the countries of Europe to eliminate internal tariff barriers and establish external tariff barriers applicable only to the rest of the world.

It is significant that the Treaty of Rome provided for (a) common-wage standards and (b) mobility of labor. These two are absolute prerequisites for a program of free trade. The United States also provided for a minimum-wage law by enactment of the Fair Labor Standards Act. It provided for the complete mobility of labor among the several States by making it illegal to place any restrictions on interstate travel.

If international free trade is to exist between the United States and the Common Market, then similar requirements be established with reference to the establishment of a minimum wage with the countries of the Common Market and the repeal of the immigration laws to insure the mobility of labor. I am certain that the gentlemen of this committee would never recommend that either or both these conditions be established: (1) the repeal of the minimum wage laws; or (2) the repeal of the immigration laws.

What would be the consequences of the transfer of these articles to the free list? What kind of articles would be subject to transfer to the free list?

The Research and Policy Committee of the Committee for Economic Development, a free trade group, states the problem very succinctly:

"U.S. tariffs are now 70 percent lower than they were 30 years ago and, on the average, are among the lowest in the world. The rates that now remain after a generation of reciprocal reductions are the hard cases, the rates that have been difficult to reduce because they protect industries that are sensitive to import competition" (A New Trade Policy for the United States, April 1962, p. 6.)

The current adverse balance of trade in semifinished and finished manufactured goods would be further intensified by a reduction in tariffs.

Between 1951 and 1961, exports of semifinished manufactured foodstuffs and finished manufacture increased 47 percent. During the same period imports in these three categories increased 82 percent.¹

Of further significance is the fact that our export increases were in commodities having a low labor content and our import increases have been in commodities with a high labor content.

¹ "Statistical Abstract of the United States," 1961, table 1210; U.S. Department of Commerce, W.T.I.S. 62-11, table 3.

Summary of major defects in H.R. 11970

[Dollars in millions]

	1951	1954	1957	1960	1961	Percent change, 1951 to 1961
Crude materials:						
U.S. exports.....	2,471	1,899	3,110	2,586	2,546	3
U.S. imports.....	3,365	2,413	3,211	3,014	3,152	-6
Crude foodstuffs:						
U.S. exports.....	1,401	741	1,332	1,639	1,897	35
U.S. imports.....	2,077	2,200	2,020	1,722	1,717	-17
Semimanufactures:						
U.S. exports.....	1,665	1,819	3,242	3,522	3,287	97
U.S. imports.....	2,459	2,313	2,920	3,092	3,084	25
Manufactured foodstuffs:						
U.S. exports.....	881	832	1,163	1,117	1,157	31
U.S. imports.....	1,022	1,117	1,272	1,566	1,602	57
Finished manufactures:						
U.S. exports.....	8,462	9,691	11,823	11,435	11,741	39
U.S. imports.....	1,896	2,196	3,527	5,258	5,075	168
Subtotal, 3, 4, 5:						
U.S. exports.....	11,008	12,342	16,228	16,074	16,185	47
U.S. imports.....	5,377	5,626	7,719	9,916	9,761	82

What is the significance of these facts? Our export advantage is in articles with far less job-creating potential than the job-displacing potential of our imports.

Further reductions or elimination of duties will accelerate this unfavorable import trend. Consequently, the power to eliminate or reduce duties 50 percent on everything would cause harm to the economy.

The concessions granted to the United States were in commodities where we are competitively strong and exports have been on the increase in products of low labor content. In this area, we have registered substantial gains in export: Live animals, hides and skins (not tanned), furs (not dressed), foddors and feeds, nuts, crude synthetic rubber, natural gums, resins and balsams, oilseeds, raw cotton, goat hair, manmade fibers, logs, paper base stocks, pig iron, scrap iron, aluminum and other nonferrous ores.

The concessions granted the United States by EEC and other GATT countries were in commodities having a relatively low labor content. The net result of these negotiations dollarwise is about equal give and take but jobwise the opposite is true. It is also to be noted that practically all of the \$1,488 million in concessions by the United States were in nonagricultural products; whereas, a very substantial percentage of the concessions to the United States were products of the fields, forest, or mine, having very low labor content.

RECENT GATT NEGOTIATIONS AFFORDS IMPORTANT CLUES OF INDUSTRIES TO BE AFFECTED BY IMPORTS

Concessions granted by the United States to EEC represented less than one-third of the items requested by EEC prior to negotiations. Due to the procedures outlined in the Reciprocal Trade Act, requiring that the interagency committee and the Tariff Commission screen all requests in advance of negotiation, the interagency committee eliminated from the original "public list" articles valued at \$128 million on the basis that concessions on such imports would give rise to serious competitive problems for American industries.

The U.S. Tariff Commission found tariffs on an additional \$220 million that could not be reduced without seriously imperiling these industries. The Tariff Commission ruled out an additional group which had been selected by the interagency committee but not on the EEO list valued at \$113 million on peril-point grounds. Thus, through the peril-point procedure, the U.S. Tariff Commission ruled out three-fourths of the list of items requested by EEC countries.

PRESIDENT KENNEDY PIERCES THE PERIL-POINT 62 TIMES

President Kennedy justifies this action on the basis that this was necessary to salvage the Geneva Conference. He further states that "commodities were selected from among those which, on the basis of a careful review, appeared to

be least likely to create difficulty for domestic producers as a result of a tariff reduction."

An analysis of the peril-point hearings of many of the 62 items referred to by the President reveals:

(1) That many of the industries were seriously jeopardized, and in some instances businesses were imperiled to the point of extinction;

(2) That in some instances the industries had been previously granted relief under escape clause procedures, indicating the extreme peril of the industry;

(3) That they were small industries with a high labor content and in each instance, the crucial factor was the wage differential between the foreign and the U.S. industry;

(4) That some were small segments of a larger industry, such as stainless steel representing only 1 percent of all steel production, but often an industry strategically situated as related to our national security;

(5) That many of our domestic industries had shrunk drastically while imports had increased in reverse ratio during the past 10 years; and

(6) That unemployment had taken place in significant proportions.

Illustrations of the aforementioned conclusions are contained in exhibit E.

I wish to underscore that in each of the peril-point cases, the labor content was high, productivity characteristics of foreign and domestic manufacture were similar and the basic difference was to be found in labor costs.

If the GATT negotiations at Geneva, as reported on March 7, 1962, foreshadows the shape of things to come, American industry with a high labor content will be in serious trouble if the President's piercing of the peril point is extended to the other commodities of approximately \$700 million in which EEC sought concessions.

While we have no conclusive figures regarding the impact of imports on unemployment, consider the following factors:

1. The productivity gap of American industry and that of Western Europe and Japan is narrowing.

In a recent study, "The European Common Market," Chase Manhattan Bank states:

In many European industries recent productivity gains have been large enough to support rising wages and still give European manufacturers an edge in international trade."

It further states that:

"Wages in Western Europe are still far below the U.S. level. In 1960 average rate for manufacturing workers ranged between 70 and 80 cents an hour (including fringe benefits). A comparable figure for the United States was \$2.68."

The report further adds that both wages and productivity are also rising in Europe and this trend, too, is expected to continue if more advanced equipment is installed and more modern techniques are adopted. In many European industries recent productivity gains have been large enough to support rising wages and still give European manufacturers an edge in international trade.

COMPARATIVE IMPACT OF EXPORTS AND IMPORTS ON EMPLOYMENT

The proponents and opponents of H.R. 11970 have been making extravagant claims concerning the number of jobs that would be affected by its enactment or failure.

Those who favor the bill visualize the expansion of American exports to the point where it will have an appreciable effect on employment.

During the Eisenhower administration, it was common for official statements to say that exports were responsible for 4 million jobs. On January 25, 1962, the U.S. Bureau of Labor Statistics issued a report arguing that employment attributable to U.S. exports was about 3.1 million. On the same day, President Kennedy surpassed all other claimants in his formal message on trade addressed to the Congress. The President stated:

"Several hundred times as many workers owe their jobs directly or indirectly to exports as are in the small group—established to be less than one-half of 1 percent of all workers—who might be adversely affected by a sharp increase in imports."

Only 200 times one-half of 1 percent is already 100 percent. The President was saying—in effect, though loosely—that more than 100 percent of all American workers owe their jobs to exports, directly or indirectly.

Conversely, exaggerated claims have been made regarding the impact of imports on employment. For example, an analysis of 30 industries affected by import competition suffered a decline in employment of 1,169,000 from 1950 to 1960.

It is not claimed that this shrinkage of jobs was due entirely to the impact of imports.

The following table, however, reveals that in most of these industries there has been a significant rise in import competition and in most instances the imports have exceeded the exports during the preceding 10-year period.

	1950 employment	1960 employment	Worker shrinkage ¹
Metal mining.....	97,000	92,000	5,000
Anthracite.....	75,000	13,000	62,000
Bituminous coal.....	368,000	159,000	258,000
Dairy products.....	125,000	95,000	30,000
Grain-mill products.....	116,000	110,000	6,000
Sugar.....	36,000	30,000	6,000
Confectionery and related products.....	92,000	73,000	19,000
Beverages.....	214,000	210,000	4,000
Miscellaneous food products.....	142,000	135,000	7,000
Tobacco manufactures.....	103,000	88,000	15,000
Textile-mill products.....	1,292,000	946,000	346,000
Men's and boys' suits and coats.....	143,000	114,000	29,000
Women's outerwear.....	369,000	337,000	32,000
Millinery.....	23,000	18,000	5,000
Lumber and wood products.....	805,000	644,000	161,000
Petroleum refining.....	185,000	182,000	3,000
Tires and inner tubes.....	107,000	103,000	4,000
Rubber footwear.....	24,000	22,000	2,000
Leather and leather products.....	332,000	305,000	27,000
Pottery and related products.....	60,000	48,000	12,000
Structural clay products.....	78,000	73,000	5,000
Blast furnaces, rolling mills, steelworks.....	611,000	569,000	42,000
Iron and steel foundries.....	224,000	222,000	2,000
Nonferrous foundries.....	77,000	62,000	15,000
Cutlery, handtools, and hardware.....	158,000	133,000	25,000
Heating apparatus and plumbers' supplies.....	198,000	114,000	24,000
Railroad equipment.....	40,000	57,000	3,000
Watches and clocks.....	33,000	28,000	5,000
Jewelry, silverware, plated ware.....	87,000	46,000	11,000
Costume jewelry, buttons, notions.....	64,000	60,000	4,000
Total.....	6,268,000	5,148,000	1,169,000

¹ Impact of Imports and Exports on Employment, May 1962, p. 7.

Similarly, an analysis of job shrinkage State by State indicates a definite correlation between jobs lost and a disproportionate rise in imports over exports in a given commodity. See exhibit E.

A realistic appraisal of the comparative impact of imports to exports on employment will reveal that the case of both sides have been somewhat overstated.

First, let us examine the claim that the economic gain to the American economy from further lowering of our custom duties is likely to be large.

Consider what might result, at best, from the total elimination of duties on all our dutiable imports.

If we apply the percentage of our exports of \$20 billion to the amount of the gross national product, we will find that it was about 3.8 percent in 1961. Now if, by the wildest stretch of the imagination, we should succeed in expanding our exports by \$5 billion which would constitute a 25-percent increase in the next 5 years, we would create an additional 640,000 jobs or an increase of approximately 128,000 jobs a year.

In terms of overall gain of our gross national product, such a \$5 billion gain would amount to an increase of somewhat over 1 percent of our annual gross national product. As a gain of the order of 1 percent is now being advertised, is this the bold new road to the future of the American economy?

II. It has been noted by the charts cited above that the imports will be in the area of high labor content industries. For this reason, wage differentials will become crucial in terms of imports having an impact upon American employment.

III. The impact of imports should be measured not in terms of dollar value, but in terms of goods shipped in displacing American goods.

The imports in terms of dollars represent foreign value particularly manufacturers wholesale value. They do not include marine insurance, the importers' markup, or the tariff. In 1960, for example, imports of portable radios amounted to \$56 million. This represented 6 million radios. U.S. manufacturers shipped such radios for about \$25 per set. Six million of them would be valued at \$150 million. It is clear from this that imports were equal to less than 50 percent of domestic shipments on the basis of value. However, the important factor is that 6 million sets with a domestic value of \$150 million were displaced from the market with an equivalent number of man-hours of labor displaced. In the case of window sheet glass, the ratio is not quite as sharp. In 1960 imports of this type of glass were valued at \$28 million. This came to 7 million boxes. In this country, 7 million boxes would be worth \$42 million or about 40 percent higher. In translating this into the impact of the import on jobs, 2,145 workers would be required to make \$28 million of sheet glass at American prices. The displacement created by imports of this value would be 40 percent higher or 3,003 workers. It is clear from these examples that we are fooling ourselves when we say that our imports are less than our exports. This may be true to a very limited extent dollarwise. It certainly is not true jobwise. Import competition accelerates automation and thus increases unemployment, according to the Dent committee's "Report on Impact of Imports and Exports on Employment." Evidence indicates that import competition has forced automation faster than normal and thus has increased unemployment (p. 8).

IV. Exports of American business and jobs: U.S. direct investments in Europe went up sharply in recent years. From 1950 to 1960, the value of U.S. direct private investment more than tripled, rising from \$2 billion to more than \$6 billion. Lewis E. Lloyd, in his treatise on "Tariffs," flatly states (p. 82):

"If tariff barriers are removed and a national policy of free trade is adopted, the real situation will be this: American capital, plus American know-how, exported to cheap-labor foreign countries to produce products for sale in the American market."

An American producer, under pressure from low-cost foreign producers, will build his new plants where he also has the advantages of cheap labor. Without tariffs, there would exist an irresistible force causing industry to move to low-cost labor areas.

This is not a mere theory. It is already demonstrated by the actions of some of our most efficient producers such as General Motors, Ford Motor Co., Burroughs Corp., Eastman-Kodak, and many others.

According to a study² of the Senate Committee on Banking and Currency, under the chairmanship of Senator Homer Capehart, during the 84th Congress: " * * * even now 20 percent of our imports are from subsidiaries of American firms. One large automobile company is importing both cars and tractors made in foreign subsidiaries. In the case of tractors from their English plant, it is reported that the laid-down price in Detroit is \$400 less for each than production in Detroit would have cost. Nash Motors are building a small car in England with the express intent of importing it into the United States. They say that the costs will be enough lower than a similar car produced here so that they expect to find a good market for their car here."

The most recent development has been the policy of the Ford Motor Co. to manufacture the engines, transmissions, and differentials in Germany and assemble the parts in Louisville, Ky., to produce the new compact car—the Cardinal.

This substantiates the charge of George Romney, president of American Motors Corp., in December 1960 that "the investment of American capital abroad, both in automobile bodies and in other industries, is in excess of that required to meet the needs of foreign markets. It is intended for the generation of our American market from abroad. That's what is taking place."

Specifically, relating this charge to the automobile industry, George Romney stated in quoting from Business International, November 18, 1960:

" * * * The article was headlined 'Metamorphosis of Ford Motor Co. Girds Firm for Explosive World Competition.' It said, in part: 'In a nutshell, Ford is gearing up to treat the world market, including the United States, exactly as it does the U.S. market today, i.e., to evolve a system of production and distribution based squarely on where supplies can best be obtained and customers best served, with as little regard to national boundaries as political realities of time and place will permit.'"

² "Tariffs: The Case for Protection," p. 90.

This phenomena is noted recurringly in testimony before the U.S. Tariff Commission involving industry engaged in peril-point hearings. For example: In his testimony before the U.S. Tariff Commission, August 25, 1960, F. B. Plunzel, general sales manager, Buffalo Steel Corp., Tonawanda, N.Y., said (p. 2359):

"* * * A review of the effects of this disparaging difference accounts for the exodus of American manufacturers to foreign lands to produce the same commodities they were formerly manufacturing in this country which they now ship from foreign lands to the United States at a fraction of their former cost."

Even Secretary of the Treasury C. Douglas Dillon shares this fear of oversea production for our own markets in his testimony before the House Ways and Means Committee, in which he stated (Mar. 15, 1962, p. 519 of transcript of hearings):

"Under this trade bill, where we are working toward much lower tariffs, and actually in some areas eliminating them entirely, I think, it is more than ever essential that we work toward equality of taxes so that our own investment won't all flow overseas to produce items for our own markets."

The exodus of industry from New England to the South clearly demonstrates that the high-wage area experienced loss of jobs, closing of factories, reduced wage rates. The shift of capital to the lower wage areas within the United States was brought about by wage differentials of the order of 25 percent.

Suppose tariffs are reduced 50 to 100 percent on imports coming from low-wage areas with wage rates one-third to one-tenth of American wages; trade under such conditions could only lead to flight of capital and business expansion to low-wage areas.

The equalization of income with the high-wage country getting a relatively smaller share and the low-wage country getting a larger share was recognized by President Kennedy when he was Senator from Massachusetts. He stated:³

"The lack of sufficient new industry to replace the old plants lost to the South has retarded New England's economic growth * * *. The year 1952-53 was one of New England's most prosperous years; yet the region lagged behind national increases in total income and manufacturing payrolls and suffered a serious loss of employment in nonelectrical machinery, textiles, apparel, leather products, and several other industries * * *. In all too many cases migration southward was directly responsible for this job loss, even in the newer hard-goods industries such as electrical machinery * * *. The 11 Southeastern States, for example, between 1929 and 1950 increased their per capita income 179 percent. The gain for the Nation as a whole was 111 percent, for New England 85 percent."

It would be well if President Kennedy reread what Senator Kennedy had to say on the subject before he plunges into a program of reducing tariffs and subsidizing industry to adjust to the impact of imports.

OBSTRUCTIONS TO FREE TRADE AND OUR BARGAINING POSITION

Witness after witness before the House Ways and Means Committee hearings on H.R. 9900 testified that "in some of these countries, tariff rates are the most insignificant obstacle to importations."⁴

The printed hearings of the House Ways and Means Committee contain tabulations and listings of nontariff restrictions which often negate tariff concessions granted, imposed against U.S. exports by the Common Market countries. These tabulations, prepared by the executive department, occupy 117 pages.

The following summary on quantitative restrictions on U.S. exports further illustrate the types of restrictions imposed by Common Market countries.⁵

France

"Of nonagricultural commodities on which quota controls remain, the following are of particular importance to U.S. trade: Certain chemical products, e.g., lubricating preparations, artificial waxes, antiknock preparations, certain refrigerators, diodes, certain trucks and tractors, newsprint, and aircraft and parts of aircraft."

³ "Tariffs: The Case for Protection," p. 109.

⁴ Testimony of Carl A. Gerstaecker, president, Synthetic Organic Chemical Manufacturers Association.

⁵ The Fifth Annual Report of the President of the United States on the Trade Agreement Program, August 1961.

United Kingdom

"Six categories of goods (large airplanes; alcoholic beverages, other than whisky; pharmaceuticals; cigars; fresh, chilled, or frozen pork; fruit of various kinds) remain under discriminatory control when imported from the dollar area, and most of these are permitted to be imported within quotas specifically set up to accommodate imports from the dollar area. Licenses are freely issued up to the total amounts permitted under the quotas. There is, for example, an annual quota of more than \$15 million for dollar canned fruit, as well as an allocation of 25,000 tons for fresh, chilled, or frozen pork, a dollar quota of \$500,000 for pharmaceuticals, and a quota for cigars (other than Cuban) of \$84,000. Global quotas (which dollar goods may share) are also in effect for baskets and basketware, fresh apples and pears, canned or bottled apples, and inexpensive watches.

"In addition to the discriminatory controls applied only to imports from the dollar area, some 16 categories of goods are still subject to restriction when imported from all sources. These are arms and ammunition; baskets and basketware; coal, coke, and solid fuels manufactured from coal or coke; feathers of certain birds; fresh apples and pears; bottled or canned fruit; whole hams; milk, fresh, frozen, evaporated, condensed, dried, or preserved; animal feeding stuffs containing milk solids; fresh potatoes; radioactive substances; clover and grass seeds; sugar; jute manufactures; cotton woven fabrics; watches and parts."

Sweden

"During 1960 the State Trade License Board reduced its list of goods subject to import license (nonagricultural commodities) to automobiles, chassis, and bodies."

Turkey

"Under Turkey's current import system, items to be imported from countries, including the United States, with which Turkey does not have bilateral agreements, are listed either on a 'liberalization' list or on a global quota list; the latter is further divided into quotas for importers and quotas for industrialists, who import certain goods directly. Separate quotas are established for imports from bilateral partners, currently less than 0.5 percent of total imports. All imports require a license but licenses for items on the liberalization list are granted freely upon application. Essential industrial machinery, equipment, and raw materials, and necessary consumer supplies are included on the liberalization and quota lists. Unlisted goods are not ordinarily importable and include semiluxury products, such as refrigerators and household appliances, and items under state monopoly, such as tobacco products."

Switzerland

"Only imports of motor buses and trucks require licenses for reasons of economic defense."

Spain

"The remainder, or goods which represented about 30 percent of Spain's private imports in the base year, are presently imported under global quota or bilateral quota arrangements. An estimated one-third of this trade is subject to the global quota system under which annual quotas are established by value, open to imports from the dollar area, the sterling area, and the OEEC countries. The rest of Spain's private imports are regulated by bilateral quotas in trade agreements with individual countries.

"About 12 percent of Spain's total imports consist of state-traded products. These consist mostly of basic foodstuffs, petroleum, and a few other products, such as raw cotton, wool, and newsprint."

Norway

"Goods still subject to import license, which include some industrial products and a number of important agricultural commodities, are largely under global quota control and may be imported on a nondiscriminatory basis from any country in the global quota area, which consists primarily of European Monetary Agreement and dollar area countries. In some cases, bilateral quotas are established for countries with which Norway has bilateral trade agreements. A few commodities are subject to discretionary licensing."

Germany

"In addition the German Government has agreed to license freely all unliberalized nonagricultural products in which the United States has a major export interest."

Greece

"* * * such controls have been intensified since 1959 with adverse effect on U.S. exports. Controlled items are divided into two lists. Items recently added to the longer of the two, list B, include machinery, mechanical and farm equipment, and parts. Import licenses for items on this list are rarely issued. Licenses for items on the smaller list A are issued more frequently but still not liberally. Newly added items on this list include such products of interest to U.S. exporters as lumber, newsprint, coal, tires and tubes, motor vehicles, bodies and chassis, and rice.

"Advance cash deposits applicable to most of Greece's imports vary in their severity, depending on the luxury or necessity of the item, and the demands of local industry; these range in intensity up to a requirement for an advance cash deposit of 280 percent of the c.i.f. value for specified textiles.

"The generally high incidence of consumption taxes also has a restrictive effect on imports. For example, parquet flooring is taxable on 35 percent of the sum of the c.i.f. value, plus import duties and taxes; elevators, 45 percent; air conditioners, 25 percent; vehicular tires, 25 percent; and vehicular tubes, 20 percent.

"Special regulations and policies also tend to restrict imports. For example, special approval is required for the importation of commercial wheat and flour and motion pictures. Also, since 1959 a policy of channeling Government contracts and purchases to bilateral trading partners has been instituted in order to help dispose of Greece's surplus agricultural produce."

Belgium-Luxembourg

Quotas affecting United States. "The commodities concerned are castor oil other than crude, certain fatty acids, methyl chloride, penicilline and penicilline preparations, wooden packing cases, fish nets, and new and used automobiles and chassis."

Each of the European nations listed above have far more extensive quota restrictions on agricultural imports. Attached herewith is exhibit A, which is a summary of quantitative restrictions against U.S. exports in 60 nations around the globe.

INADEQUATE SAFEGUARDS

The proposed bill dilutes and emasculates the peril-point and escape-clause procedures which have been the cornerstones of the Reciprocal Trade Act since 1951.

It replaces the peril-point safeguards against injury to industry and workers with a meaningless procedure. Since 1951, the Tariff Commission has been required to determine the extent to which the duty on articles proposed by tariff negotiations could be reduced without causing serious injury to American industries, farmers, and workers.

At recent GATT negotiations, 40 percent of the U.S. duties proposed for a 20-percent reduction in duty were spared from being cut by peril-point findings. In 62 instances, President Kennedy pierced the peril point and stated his reasons in a report to Congress.

Today this procedure is more vital to the economy than ever before because our duties have been brought so low that the protection that remains is vitally important to industries sensitive to import competition. Four basic changes have taken place which have for all practical purposes emasculated the peril-point procedure:

(1) The bill would simply call for the President to be "advised" by the Tariff Commission of the "economic effect" of reductions or eliminations of duty.

(2) The definition of industry would require the Commission to consider the effect of imports on the overall operation of the firms in the industry, regardless of whether they are multiproduct or multiplant producers.

(3) The Commission no longer could make a finding based upon whether increased imports in whole or in part to proposed concessions would cause or threaten serious injury. The Commission would be limited to considering whether imports resulted solely from the concessions; and

(4) The cause "idling of productive facilities, inability to operate at a profit, and unemployment or underemployment."

Total disaster attributable solely to a duty will rarely be foreseen.

It is deliberate removal of the means by which disaster is foreseen. The use of the powers of the bill, therefore, will amount to sentencing the industries whose powers are selected to economic death.

The bill cripples the escape-clause procedure so that the Tariff Commission will rarely be able to make the findings required for tariff adjustment.

The administration bill H.R. 9900 eliminated the escape-clause procedure under which the Tariff Commission determines whether as a result of past tariff concessions, imports are causing serious injury to domestic industries or workers.

The House Ways and Means Committee restated the basic duty of the Commission to determine whether imports are causing or threatening serious injury. However, the committee weakened the remedy in several ways:

(1) It requires that the Commission must find that the increased imports cause an injury resulting solely from the concession granted in trade agreement. (The present law permits a favorable finding if the increased imports result only in part from the concessions.) It will be very difficult to prove in any particular case that increased imports resulted solely from the concession granted on the imported articles in question.

(2) The committee's repeal of the definition of "domestic industry" which under the present law permits the Commission's investigation of the particular segment of the industry and on the particular part of the operation of the firms in the industry, directly involved in producing the article in question. Under the proposed bill, the Commission must consider the effect of imports of a particular article on the "overall operations" of the establishments in the industry. It is very unlikely that imports of one article could have the effect which sets out the test for relief. The criteria for relief requires that the multi-product, multiestablishment firms of an industry producing the article suffer to a point where there is "idling of productive facilities, inability to operate at a profit, and unemployment or underemployment of workers throughout the entire industry."

This requirement goes far beyond the previous requirement of "serious injury" and actually calls for bankruptcy and economic disaster. This test will make findings of "serious injury" few and far between.

Finally, even if an industry secures a favorable finding from the Commission, the President may, under the bill, use one or more of the adjustment provisions of the bill (workers' dole, loans or tax relief to firms) instead of tariff adjustment.

On April 2, 1962, Under Secretary of State Ball assured the European Community (address, Bonn, Germany):

"The proposed trade legislation now before the U.S. Congress embodies the principle that trade adjustments, rather than trade restrictions, should be the preferred approach to import competition."

It becomes abundantly clear that the administration's provision for tariff adjustment in the bill is only window dressing. There is no intention that it will ever be used.

In summary, if this bill is enacted, we are placing unprecedented powers in the hands of the President, while denying him the right of any blueprint to guide him in the protection of our domestic industries and workers from damage by imports.

THE MOST-FAVORED-NATION RULE (SEC. 251) EXTENDS TO JAPAN AND OTHER LOW-WAGE NATIONS THE FULL BENEFIT OF REDUCTIONS OR ELIMINATIONS OF DUTIES GRANTED TO THE COMMON MARKET. IT REQUIRES NO SIMILAR TREATMENT OF JAPAN BY THE COMMON MARKET

The Common Market excludes Japanese goods by imposing quotas. Apparently what is "good for the goose" is not "good for the gander." The European countries with access to the American market will not grant the American concessions to the Japanese market even though the wage differential between European and Japanese labor is no greater than the wage differential between American and European labor.

In hearings before the Joint Economic Committee, the question of Europe's discrimination against Japanese goods also brought out the following colloquy between Senator Bush and Jerome Cohen, dean of graduate studies, the Bernard

Baruch School of Public Administration, New York City, in the hearings December 4-14, 1961:

"Senator BUSH. Mr. Chairman, I want to go back to * * * the question of * * * discrimination against the Japanese by the European Common Market people.

Now isn't it true that the basis of their discrimination is because the Japanese, because of the low-wage costs, and the big wage differential between Japan and these countries—they compete very severely with this particular Common Market that is trying to build itself up? Isn't that the basic reason there for the exclusion of Japanese goods?

"Mr. COHEN. We had a session in New York a week ago—the Committee for Economic Development is making a study of Japan and U.S. economic relations * * * there were about 15 European businessmen and European officials participating in this session. This was one of the questions that came up: 'Why is it that there is this discrimination in Europe?' And one of the main points that each one in turn, as we went around the table—Sweden, Italy, Germany, and so on—was the wage question, the fact that they felt that Japan was a lower wage country, and therefore that they could not effectively compete. This undoubtedly is one of the largest factors in the European attitude toward Japanese goods * * *."

If we should adopt the bill in its present form the cost exacted of American industry would be threefold:

(1) The American market would be thrown open without restraint to the lower competitors of Europe.

(2) These industries then must face the threat of even more destructive competition of Japan and Asia whose cost advantages are even greater than Europe's.

(3) The United States would be required to absorb Europe's share of Asiatic imports, since European countries commonly withhold favored-nation treatment or restrict such imports by quotas.

ADJUSTMENT PROVISIONS OF THE ACT

These provisions are a clear recognition of a policy to cause serious injury on a widespread basis to the American economy. Unless this were the case, there would be no justification for such an elaborate system of payments to workers and subsidies to industries, as is called for in title III of this bill.

This section, or title III of the bill, is a dramatic shift from the policy adhered to, until this day, of using trade-agreement authority selectively, so as to avoid injury to the new policy of using trade-agreement authority indiscriminately so as to cause injury.

TARIFF POLICY AND LEGISLATIVE CONTROLS

The following perfecting amendments to H.R. 11970 will be discussed here in principle and have for their objectives:

(1) That the broad authority delegated to the President will actually be used to conform to the principles which now, as in the past, have been desired by Congress but have often been nullified in actual practice.

This group will deal primarily with negotiating principles in order to assure that America will get the maximum in return for what it gives in negotiations.

(2) Safeguard principles: To restore to the bill the principle of selective reduction of tariffs which will avoid causing or threatening serious injury to domestic industries, agriculture, and workers. This principle has been at the heart of trade-agreement policy from the beginning and Congress has developed it in the three extensions since 1950.

ESSENTIAL CONDITIONS FOR GRANTING CONCESSIONS

True reciprocity

U.S. exports must be assured equivalent customs treatment accorded foreign imports by the United States. For example, if at a future GATT negotiation, the United States would request a concession on poultry; in return the Common Market country would request a reduction on trucks. It so happens that the United States has a 5-percent duty on trucks but Germany has a 17-percent duty. Under this requirement, the United States could not grant a further concession

on trucks until the same identical duty on trucks was granted by the other country. If no agreement can be reached on trucks, then the United States and a Common Market country will have to find another article where the tariff duty could be negotiated on the basis of true reciprocity.

The enactment of this amendment will establish the first of three cardinal principles in strengthening the hand of our negotiators: That we will not grant more favorable treatment to other countries than they are willing to grant our exports. Concession on each article must be negotiated with the principal supplier of that article in the world export trade.

The purpose of this principle is to reform the past practice in which concessions have often been granted to countries who are not in the strongest competitive position in the world trade on the articles and therefore we have not had as much leverage in receiving reciprocal concessions since they did not have the most to gain on the concessions granted. The result of this was to give the strongest competitors the prime benefit of the concession, under our most-favored-nation rule without making a reciprocal concession to the United States for this increased access to U.S. markets.

It is quite clear that this requirement will not unreasonably restrict the negotiating authority of the President. However, it will promote one of the major purposes of the bill—the maximum expansion of our export trade by assuring maximum concessions in return for concessions granted. It makes good sense that the prime beneficiary of a concession will give more in return for such a concession than others.

Beneficiaries of our concessions must extend equal treatment of Japan and all other countries, parties to the trade agreement. It would require recipients of U.S. concessions on particular goods to admit such goods from Asia, Latin America, and Africa with equivalent liberality to that accorded by the United States. This amendment would accomplish two things:

(1) It would prevent European countries from continuing to exclude goods from Asia by quotas and other restrictive devices with consequent diversion of Europe's reasonable share of such goods into the U.S. market.

(2) It would knit the free world closer together by establishing economic ties between the Common Market, Japan, and other low-cost countries of Asia, Africa, and South America. Because of the present exclusionary practices by the Common Market in regard to Japanese goods, Japan has established extensive trade relations with the Soviet bloc. This amendment would serve another major objective of this bill which is to unify the free world and stem the tide of Soviet economic penetration.

SAFEGUARD PRINCIPLES

The following amendments will serve the purpose of protecting American industries, agriculture, and workers against disaster in a particular industry or segment thereof before it takes place.

PERIL POINT PROCEDURE

This would replace the Tariff Commission's prenegotiation "advice to the President" of economic effects of proposed eliminations or reduction of duty with the present peril point procedure, under which the Commission finds the extent to which duties can be reduced without causing or threatening serious injury. In this investigation, the Commission will investigate all of the cost factors, which would include the cost of labor, raw materials, transportation, tax advantages, et cetera, all foreign-made goods. Similar investigations shall be made regarding the cost factors of the domestic commodity where serious injury is being threatened.

Specific criteria would be established to guide the Commission in establishing a peril point such as:

(1) Significant decline in the domestic price level of the products competitive with the imported articles;

(2) A significant decline in that article of the domestic industry producing such products or;

(3) A decline of employment, a loss of wages due to short work periods, or a decline of wage rates in such domestic industry.

ESCAPE-CLAUSE ACTION

This would replace the bill's post-trade-agreement procedure to determine whether solely as a result of a concession imports of an article have idled plants, made firms unable to operate at a profit, and thrown workers out of jobs throughout the entire industry, with the present escape-clause procedure under which the Commission finds whether imports due in part to past concessions are causing or threatening serious injury to the segment of the industry directly engaged in the production of the like or competitive articles.

It should be a further requirement that the Tariff Commission must consider four cost items in establishing and equalizing injuries between the cost item platform and the U.S. Customhouse of Foreign Imports. The four items of cost which should be considered are: (1) Wages, (2) taxes, (3) raw materials, and (4) research.

This principle will make unattractive the exportation of low-wage products and the dumping of low-priced articles into high-income markets.

TWO-WAY BASIS FOR ESCAPE-CLAUSE ACTION

This would permit not only the raising of tariffs, through the application of compensating factors but also the lowering of tariffs to the extent that in the proportion to the increase of wages paid in a given industry in a foreign country.

This will have a salutary influence, not only in protecting the high wage level of the U.S. economy, not only in increasing the wage standards abroad, but in doing so increasing the consuming power and thus the market ally for the exportation of American goods.

ADMINISTRATIVE REFORM

The purpose of this amendment would be to keep the execution of the trade agreements program in the hands of persons knowledgeable in domestic commerce. This amendment is in line with Chairman Wilbur Mills' statement during debate in the House that "It is not the intention of your committee that the State Department run the show" (Congressional Record, June 28, 1962, p. 11150). An amendment should be offered which will designate the Secretary of Commerce as the Chairman of the Inter-Agency Trade Organization.

PARTICIPATION BY LABOR, AGRICULTURE, AND INDUSTRY

In 1958, the House Ways and Means Committee recommended that in the course of negotiating a trade agreement, the President "should seek information and advice with respect to such agreement from representatives of industry, agriculture, and labor."

This amendment is based on the principle that labor, industry, and agriculture know more about the problems directly affecting them than do bureaucrats who are often more impressed with theory than with fact.

The CHAIRMAN. The next witness is Mrs. John D. Briscoe, League of Women Voters. Take a seat, Mrs. Briscoe, and proceed.

STATEMENT OF MRS. JOHN D. BRISCOE, MEMBER, BOARD OF DIRECTORS, LEAGUE OF WOMEN VOTERS OF THE UNITED STATES

Mrs. BRISCOE. Mr. Chairman, in the interests of time I shall not read all of my statement but I hope it will all be included in the record.

On March 12, 1962, the League of Women Voters of the United States issued a statement of position on trade. This statement is a summary by the national board of member thinking throughout the country. The consensus expressed is the product of 2 years of concentrated focus on the problems and prospects of trade, preceded by a long history of understanding of and support for a liberal trade policy as one in the best interests of the United States (statement of position is attached).

Briefly, the League of Women Voters of the United States believes that a liberal U.S. trade policy will best serve the political, economic, and individual interest of this country and its citizens by—

Paving the way for political harmony with other nations;

Stimulating economic growth at home and abroad;

Expanding the opportunities for consumer choice among a wide variety of products.

League members support a flexible, effective, and efficient trade policy based on the public interest rather than on special or sectional interests. Specifically they support trade liberalization and systematic reduction of trade barriers; broad bargaining authority for the executive in multilateral trade negotiations; league members recognize the necessity to grant special trade concessions to the developing countries; they back trade adjustment assistance as a positive alternative to the negative absolute of the escape clause, which they have long opposed.

Our 132,000 members in 1,150 local leagues in the 50 States have studied diligently to reach the consensus spelled out in our position. Measuring the Trade Expansion Act of 1962 against the yardstick of this consensus, they have actively supported this legislation. I appear here today as a spokesman for the league's view.

It is the members in their home communities who have reached the conclusions, who have the convictions, who support a liberal trade policy.

Characteristic examples of the thinking of our membership as they have reported it to us include the following from leagues in the home States of members of this committee. I will not read these excerpts but hope they will be included in the hearing record.

Mr. Chairman, you might be interested in seeing what the league in Alexandria, Va., quoted, and there are quotes from other leagues.

These quotations typify our members' conclusions and convictions. On the basis of these they have acted. From Maine to Hawaii, from Alaska to Florida, league members have been listening to speakers: Senators, Representatives, businessmen, representatives of chambers of commerce, importers, exporters, representatives of the AFL-CIO, bankers, Cabinet members, consulates general, university professors, themselves. They have been interviewing farmers and fishermen, conducting go-see trips to port facilities, doing opinion surveys, speaking over the radio, appearing on or arranging television programs, setting up displays in store windows, conducting trade fairs, distributing publications, holding mock congressional hearings, interviewing Senators, mayors, Governors, writing publications. They have co-operated with high schools, universities, community colleges. They have worked with organizations: The chamber of commerce, junior chamber, Council of Jewish Women, the Trade Relations Council, AFL-CIO, Committee for a National Trade Policy, the Farm Bureau, the Grange, the Farmers Union.

I should like to remind you that our members, being women, are the Nation's purchasing agents. We are pleased when an inexpensive import helps us to stretch our budget dollars. We welcome the luxury of variety which imports offer us. We are grateful when imports serve as the lever of competition which spurs U.S. manufacturers to

respond to consumer demand in terms of styling, size, design, or price. We like to bargain in the supermarket of the world.

The League of Women Voters believes that mutual benefits among nations can be derived through the lowering of trade barriers. We wish to see foreign markets for the products of our factories and our farms not only maintained but increased. We hope the stimulus of competition, foreign as well as domestic, will help spur American economic growth. It seems to us just to provide assistance to workers and to enterprises in order that they may adjust to new conditions caused by increased trade. We hope to see the countries in the early stages of economic development resistant to communism, and enabled to improve their standards of living through profitable trade. We believe we must have the tools with which to bargain with the European Economic Community; and that on our successful relationship with that Community can depend much of the strength of the free world.

Our members believe that a trade policy like that incorporated in the bill before you is essential in the world we have in order to progress to the world we want. It is our hope that the members of this committee concur.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you, Mrs. Briscoe.

Any questions?

Senator CARLSON. Mrs. Briscoe, I just wish to say this: You can report to your board of directors that in Kansas you have some very active, energetic, and studious groups of the League of Women Voters who have participated actively in this program, I know, from personal experience and contacts.

Mrs. BRISCOE. I think we owe you thanks, too, Senator Carlson.

(The quotes previously referred to, together with the statement of position of the League of Women Voters follow:)

Little Rock, Ark.

The majority opinion of the Little Rock league is in accord on the present league trade position. The Little Rock league would support both trade adjustment assistance and special trade concessions to developing countries as being important to our own economic growth and as an important part of our foreign policy.

Wilmington, Del.

Our members approve the present league policy without dissent. There is no desire to support more protectionist policies. On adjustment assistance, our members feel that it is politically necessary. They feel that it must be carefully controlled and strictly administered to stay temporary and to prevent abuses, political or otherwise. Most feel that this program is no panacea for all problems, but that it is preferable to higher tariffs and therefore to be accepted, somewhat watchfully.

St. Petersburg, Fla.

The League of Women Voters of St. Petersburg supports a gradual reduction of our trade barriers. They support a program of assistance to injured industry and labor in the event that there is real injury or unemployment as a result of new liberalization.

The League of Women Voters feels that there will be some hardship in any period of transition brought about by lowering trade barriers. There should certainly be a program for those who suffer such hardships, but great care should be exerted to make this program of a temporary nature and one limited to real victims of the transitional period.

Since a sound economy is desirable and of first importance for developing nations, the LWV felt that a stimulus in the form of special trade concessions should be given these countries in the marketplace of the world. A sound economy in a free and independent nation is a bulwark against totalitarianism. A trade concession then is, in effect, a form of foreign aid that will reap benefits for us. A developing nation also represents a potential marketplace for U.S. goods.

Athens, Ga.

This league is in agreement with the present league trade position. In face of increased industrialization and regionalism, the members feel that the United States needs a more liberal trade policy including long-term renewals, most-favored-nation treatment, across-the-board negotiations, and increased executive authority to negotiate. They oppose such restrictive measures as the peril point and escape clause, tied loans and quotas. There is a general feeling among the group that, although some would suffer, a freer trade would eventually stimulate American business, strengthen our allies, and benefit the consumer.

Athens league members favor some sort of trade adjustment assistance program. They recognize the fact that world trade is changing and that we must change our economy to meet the competition. But they feel that industries hurt by these changes should not be unjustly penalized. The Government should assume responsibility in helping industries, workers, and communities adjust, particularly communities built around one or few industries.

This league also supports special trade concessions for developing countries. This is necessary in order to achieve our foreign policy goals. In order for these nations to diversify it is necessary to help protect their infant industries and help provide markets for their goods. There was some objection to commodity agreements.

Chicago, Ill.

The Chicago league favors continued support for a liberal trade policy and renewal of the Trade Agreements Act. There was strong support for giving the President broader negotiating powers.

The Chicago league supports the need for a trade adjustment assistance program. It is felt that industries need assistance in diversification and the retraining of workers when the industries have become inefficient or obsolete.

The Chicago league supports the idea of special trade concessions for the developing countries. Considering the already established criteria of the league for helping the developing nations to help themselves, it is felt that where needed, a trade concession should be allowed. Of course, the Government would have to decide when this is advisable according to the country and the products to be traded.

Madison, Ind.

The members of the Madison league appear wholeheartedly in favor of the league's current position on trade. They have always been in favor of a liberal trade policy and now with the expanding Common Market of Western Europe feel more strongly than ever the necessity for a broader Reciprocal Trade Agreement Act.

Our members oppose Federal subsidizing of injured industries to help them continue to manufacture the same goods which foreign competition can produce more cheaply. They do believe in some indirect aid to industries which are changing over to another type of manufacturing such as a lower rate for borrowing, allowance for depreciation in taxation, retraining of workers.

Support (special trade concessions for the developing countries) but with definite limitations of time and money.

Parsons, Kans.

Our members support a liberal trade program and the renewal of the reciprocal trade agreement, deleting the use of the escape clause and the peril point.

The league supports a trade adjustment assistance program, as this would mean that the whole economy of the Nation assumed the burden of competition, rather than having specific industries bear that burden.

The league supports special trade concessions for the developing countries because those countries will need special consideration in changing the pattern of their economy.

Louisville, Ky.

The League of Women Voters of Louisville agrees with the basic trade-aid position of the League of Women Voters of the United States in support of foreign economic policies which serve to spur economic growth and to expand world trade.

- (1) League support of a trade adjustment assistance program.

- (a) Program must be flexible.

- (b) Assurances must be given that inefficient industries are not given free "rides."

- (c) Help in the form of technical or information assistance should be given in preference to financial assistance.

- (d) Help should be available to retrain workers and to aid in their shift to other industries.

- (e) Program should be aimed specifically to adjustment rather than assistance.

- (f) The President should be given powers to deal directly with the problems involved.

- (g) Tax relief and depreciation allowances are acceptable methods of providing adjustment.

- (2) League support of special trade concessions for the developing countries. Attention should be given trade concessions which aid diversification of industry in developing countries.

Shreveport, La.

There is general agreement with the league position on trade.

There is support for a trade adjustment assistance program utilizing increased depreciation allowances and/or loans for modernization or conversion. Direct subsidies are not acceptable.

Developing countries should receive special trade considerations.

Montgomery County, Md.

Montgomery County league members are in complete agreement with the present league stand on a liberal trade policy for the United States.

They believe that a liberal trade policy is good for our foreign policy as well as for free enterprise and competition and recommend the following:

- (1) Elimination of peril point and escape clause.

- (2) Granting to the President of broader powers in negotiating trade agreements.

- (3) U.S. membership in GATT.

- (4) Greater flexibility in RTAA.

Montgomery County league supports a trade adjustment assistance program with the following reservations:

- (1) Specific criteria should be set up to establish clearly industry's distress.

- (2) A Trade Adjustment Assistance Act might embody the following:

- (a) Assistance should be temporary.

- (b) Assistance should be administered under strict policing.

Montgomery County league believes that sound economies in the newly developing areas is to the advantage of the United States and would therefore approve trade concessions to these areas.

- (1) Belief that trade and aid are interrelated.

- (2) Trade concessions are politically expedient.

- (3) United States should maintain a liberal trade policy toward developing nations.

Fridley, Minn.

On further study of the Trade Agreements Act in general and six industries in particular—lead and zinc, crude oil, typewriters, textiles, hardwood plywood, and shrimp—we came to the following conclusions:

- (1) That the new act should be long term, at least 5 years.

- (2) That the new act should include across-the-board negotiating authority, should not include peril-point or escape-clause limitations.

- (3) That the national security protection given to industries be scrutinized and withheld unless justified.

- (4) That trade adjustment assistance be authorized by Congress but that it should be applied to industries only if it is conclusively proved that injury is due to imports and that the industry is unable to adjust by itself.

- (5) That the six industries studied not be protected by tariffs.

Lincoln, Nebr.

The current opinion of our members on the present league trade position is agreement that we must definitely continue to "liberalize" our trade policies. This should be done gradually. But definitely and steadily we must lower tariffs. A good many members felt that trade adjustment assistance legislation should be held to a minimum. Strong opposition to a trade adjustment assistance program came to the fore. Members holding this view maintain that limiting conditions would have to be attached to Federal assistance given these industries. Loans necessary for "changeover" expenses should be Government loans only if loans are not obtainable through regular commercial channels and if "a basis of national need" makes it advisable to help the injured industry.

On the whole our members supported granting special trade concessions to developing countries. Suspension of the principle of reciprocity was deemed generally advisable on a temporary basis in trade relations with some of these countries. Some developing countries might need to maintain import restrictions until they have worked out the best utilization of their resources.

Santa Fe, N. Mex.

Our trade policy should be directed toward a future alinement with the European Common Market. In preparation for this step, we should move toward across-the-board tariff negotiations with a well-established trade adjustment assistance program.

Tulsa, Okla.

- (1) International trade should be liberalized.
- (2) Trade barriers should be systematically reduced.
- (3) The President should have across-the-board authority to negotiate trade agreements with certain restrictions.
- (4) We reaffirm league opposition to "Buy American" provisions, escape clauses, peril points.
- (6) Underdeveloped countries should be given special trade concessions.
- (7) Some help must be extended to injured industries in the form of tax relief, or funds for the retraining of workers.
- (10) We believe in the expansion of both exports and imports, and support the most-favored-nations agreements.

Knoxville, Tenn.

We are in support of the present league position of liberalizing trade. We are inclined to think the Trade Agreements Act should be rewritten and streamlined so the mechanical processes of negotiations, customs inspection, and approval can be speeded up. We favor the extension of the new act for at least a period of 4 years.

We feel any industry suffering from increased foreign competition should have the right to appeal to the Government for help. * * * If an industry can find a secure place in a changing world economy by using Government assistance to restyle production methods, convert to new products and develop new markets for trade, we feel it should be assisted. If the industry is obsolete, we do not favor Government funds to keep it existing. In order to exist, we feel an industry must be able to compete.

Salt Lake City, Utah

All units endorsed the present league position with the implications for across-the-board negotiations.

The Salt Lake League favors an adjustment program that would include: tax cuts for injured industries; depreciation allowances on capital investments for automation to help meet foreign competition; short-term loans to injured industries; aid to industries that need to diversify; assistance for retraining; and if all else fails, assistance for relocation of workers. No direct subsidies should be given to injured industries. The total program should be limited in time and scope.

The Salt Lake City League was unanimous in stating that concessions must be given to developing countries. This is consistent with the aid we have given to industries, without fear of a retaliatory tariff. Concessions are politically expedient as well as economically sound.

Alexandria, Va.

Members of the Alexandria League of Women Voters definitely support liberalizing trade. They were very much aware of and interested in the emergence

of regional trading blocs, particularly the Common Market, and saw the importance of the United States being in an adequate bargaining position vis-a-vis the Common Market. They favored giving the President authority to conduct across-the-board rather than item-by-item negotiations. There were numerous references to Japan's special problems and particularly the problem of Japanese textiles competing with those produced in the United States. For example, it was felt that we should make every effort in bargaining with the Common Market to get West Europe to accept more Japanese textiles.

STATEMENT OF POSITION ON TRADE AS ANNOUNCED BY THE NATIONAL BOARD OF THE LEAGUE OF WOMEN VOTERS MARCH 12, 1962

The League of Women Voters of the United States believes that a liberal U.S. trade policy will best serve the political, economic, and individual interests of this country and its citizens by paving the way for political harmony with other nations, stimulating economic growth at home and abroad, and expanding the opportunities for consumer choice among a wide variety of products.

League members support a flexible, effective, and efficient trade policy based on the public interest rather than on special or sectional interests. Members agree on a six-point program to expand world trade.

(1) Trade policy should be liberalized and trade barriers should be systematically reduced according to a timetable for a designated number of years.

(2) The President should have broad, long-range authority to negotiate trade agreements with other nations by use of new techniques such as across-the-board bargaining by broad categories or subcategories of products.

(3) The United States should continue to participate in multilateral negotiations of trade agreements, and the benefits of these agreements should be extended to our trading partners through most-favored-nation treatment.

(4) The principle of reciprocity in trade agreements should be maintained except when political and economic considerations call for special trade concessions to developing countries.

(5) Trade adjustment assistance should be made available to domestic industries and workers proved to be injured by import competition.

(6) Customs procedures should be simplified.

Implicit in the league's six-point program is opposition to measures which restrict trade—peril point and escape clause procedures, "Buy American" provisions, quotas, and similar measures.

DETAILS OF POSITION

(1) *Continued support of trade liberalization and systematic reduction of trade barriers.*—Liberalization and certainty are the first requirements for a modern U.S. trade policy. Liberalization can be achieved only if the President is granted sufficient authority with which to bargain for reduction of trade restrictions. Certainty as to our intentions can be assured only if our trading partners know the period of time in which systematic reduction will take place and only if our numerous escape hatches are modified or eliminated.

(2) *Support of across-the-board bargaining authority.*—The present method of negotiating trade agreements on a product-by-product or item-by-item basis is cumbersome and obsolete. Our basis for trade negotiations must be adequate, up-to-date, and efficient, especially if we are to improve our bargaining position with the European Common Market—a market which now comprises the greatest competitive challenge and the greatest sales opportunity the United States has ever faced.

(3) *Continued support of multilateral trade negotiations.*—The United States should continue to participate in the General Agreement on Tariffs and Trade (GATT). We should continue to press for application of the most-favored-nation treatment to all our trading partners so that the benefits of tariff reductions can be extended to all.

(4) *Support of special trade concessions to the developing nations.*—Most of the developing nations cannot possibly grant trade concessions equivalent to those which the highly developed countries are able to grant. If the developing nations cannot sell abroad what they now have to market, their opportunities to spur economic growth through export earnings will be reduced. In many cases, what they can now sell are single, primary commodities, some of which are competitive with our own. During their early development these countries may

find it necessary to protect their infant industries just as our country did in its early years.

In short, if we are to help these nations become politically and economically viable societies, it may be necessary for us to make some exceptions to our traditional principle of reciprocity in trade.

(5) *Support of trade adjustment assistance.*—The search for positive remedies for industries and workers injured by import competition led the league to conclude that trade adjustment assistance was preferable to restrictionist measures, such as quotas and higher tariffs, which could result in disastrous economic isolation.

Such assistance, in the league view, should be limited in time and in scope. Assistance to business could include short-term loans, technical advice and information, and some form of tax relief or investment incentive. Assistance to workers should emphasize retraining but could include adjustment allowances.

Strict criteria for proof of injury from import competition should be applied to determine eligibility. Constant review is necessary in order to insure equal treatment and to prevent possible abuses.

Trade adjustment assistance should encourage the solving of problems of economic adaptation through such means as cooperative self-help efforts of business and labor.

(6) *Simplification of customs procedures.*—Often overlooked among the larger issues of trade is the need to simplify our customs procedures. The league supports the continuing elimination of expensive and unnecessary administrative procedures which hinder the free flow of trade between nations. Although the Customs Simplification Acts of 1954 and 1956 brought about some changes in import valuation procedures, customs procedures could be still further simplified.

LEAGUE BACKGROUND

The trade position of the League of Women Voters represents a generation of league concern—1936 to 1962. The league has supported each of the 11 renewals of the Trade Agreements Act.

At the 1960 national convention, league delegates chose for the 1960-62 program "Support of U.S. economic policies which promote world development and maintain a sound U.S. economy." During the past 2 years this program has seen a league review of the handmaidens of foreign economic policy—trade and aid.

The league review of trade was participated in by leagues representing a substantial majority of the 132,000 league members in 1,120 communities throughout the United States. Member consensus now indicates overwhelming enthusiasm for the league's traditional support of a liberal trade policy and, in addition, support of two new features—trade adjustment assistance and special trade concessions to the developing countries. These old and new support positions are brought together in the league's six-point trade program.

IMPLEMENTATION

The League of Women Voters of the United States will support replacing the Trade Agreements Act with the proposed Trade Expansion Act. The act's broad purposes and major provisions are clearly in line with the league position. The league will support other legislation which helps to expand trade and will oppose legislation which restricts trade.

The CHAIRMAN. The next witness is Mr. Robert W. Frase, American Book Publishers Council, and American Textbook Publishers Institute.

Take a seat, Mr. Frase, and proceed.

STATEMENT OF ROBERT W. FRASE, DIRECTOR OF THE WASHINGTON OFFICE OF THE AMERICAN BOOK PUBLISHERS COUNCIL AND THE AMERICAN TEXTBOOK PUBLISHERS INSTITUTE

Mr. FRASE. My name is Robert W. Frase, director of the Washington office of the American Book Publishers Council and the American Textbook Publishers Institute. I am speaking in general support

of H.R. 11970, the Trade Expansion Act of 1962, on behalf of these two organizations, which include among their members over 200 book-publishing houses, both commercial and of an institutional nature such as university press. The members of the council and the institute publish over 95 percent of the books produced in the United States and a similar percentage of the books exported from this country.

The production and domestic consumption of books in the United States is far the largest in the free world. In 1961, the latest year for which complete statistics are now available, U.S. book production was well over 1 billion copies, and the dollar value, at prices received by publishers, was over \$1.2 billion. This is more than double the dollar value in 1952, which was just over \$500 million.

In the area of exports, the growth of the book industry has been even more rapid during this same period. Prior to World War II, the United States was a negligible factor in world trade in books. Now we have overtaken the United Kingdom. Our book exports in 1961 were slightly over \$100 million as compared with British book exports of about \$90 million. These figures compare with U.S. book exports of not more than \$30 million in 1952, a growth of over 300 percent in 9 years. These figures on U.S. book exports are collected by the industry. The official Census Bureau figures understate the true volume of book exports because they do not cover small package shipments, often by post, which are extremely important in this industry. U.S. book imports have also grown, but at a much lower level.

In 1952, total book imports (census data) subject to U.S. duties amounted to about \$6 million. In 1961 dutiable book imports were about \$19 million. Dutiable imports in 1961 were about one-fifth of our book exports and a little over 1 percent of the total domestic production of books.

You may be interested in the reasons for this tremendous expansion of American book exports in the postwar period. There are several factors at work. U.S. books now lead the world in many fields of scholarship, science, engineering, medicine, and education, reflecting the advanced state of these technologies, arts, and professions in the United States. The English language has also become the leading international language for purposes of higher education and professional interchange of information. There has been a surge of interest in technical improvement, education, and economic development all over the world. Many of the newly independent countries have turned to us for books rather than to the countries of which they were former colonies. Trade barriers and exchange restrictions on books have been substantially reduced.

ELIMINATION OF U.S. DUTIES ON BOOKS UNDER H.R. 11970

The bill before you, as it passed the House, would probably result in the virtual elimination of U.S. duties on books. Under section 202 of this bill, all import duties of 5 percent ad valorem or less could be negotiated down to zero. The principal U.S. duty in this field—applicable to books in the English language by foreign authors—is now 4 percent and scheduled to be reduced on July 1, 1963, to 3 percent

under the international agreements recently announced by the President. The only significant book tariff higher than 4 percent is that on books in the English language by American authors which is now 8 percent and scheduled to go down to 7 percent in another year. It is entirely conceivable that this duty might also be eliminated under section 211 of the bill, the so-called 80-percent provision. This would almost certainly happen if Great Britain and four other European countries join the European Economic Community. The category into which books fall for purposes of section 211 under the standard international trade classification is 892, "printed matter."

Thus, under the bill before you, probably all U.S. duties on books would be eliminated before long and we would support such a move. The present duties are so low as to have no protective function and are merely a nuisance to all concerned. As one of the most rapidly growing export industries, we have everything to gain by the freest possible international trade in books. We would like to point out to the committee, moreover, that the encouragement of U.S. book exports also serves our national economic and political interests in a variety of ways. It contributes directly to education and economic development in the free world. It gets American concepts and ideas into use abroad in education, in the professions, in business, and in political life. It contributes to the promotion of exports of other kinds, especially machinery and equipment. A mechanical engineer in another country, for example, who has used American textbooks in his professional training, is very likely to specify American equipment when in later years he is in a position to order the importation of such equipment. In other words, trade follows the book.

IMPORTANCE OF FLORENCE AGREEMENT

Although we strongly support H.R. 11970, I should like to take this opportunity to point out to the committee that there is another legislative measure pending which would accomplish the same purposes, so far as books are concerned, in an even more satisfactory manner. This is the so-called Florence agreement, the Agreement on the Importation of Educational, Scientific, and Cultural Materials, which the United States has signed, which President Eisenhower recommended to the Senate in 1959, and which was approved by the Senate as a treaty in February 1960. A draft bill to implement this treaty was sent to the Congress by the present administration last August and was referred to your committee. The agreement eliminates tariff duties on a reciprocal basis as among the signatory countries (now numbering some 35) on books, music, periodicals, newspapers, maps, and a variety of other educational materials. In most of these categories the U.S. duties are very low or nonexistent. The agreement also contains some provisions tending to reduce exchange restrictions on these same materials. We would very much like to see the United States adhere to the agreement at the earliest possible date, and this view is shared by a large number of other organizations in the fields of science, education, and music. Some indication of the breadth of this support is given by the letterhead of the National Committee for the Florence Agreement, a copy of which is appended to this statement.

Adherence to the Florence agreement would not only eliminate the low U.S. duties on books and some other publications where they now exist, as would the bill before you, but it would also assure us of direct reciprocity in the other adhering countries on these very same items. We realize that your committee and the House Ways and Means Committee are by far the most overburdened in the Congress this year, but we would urge that the Florence agreement implementing bill be taken up at the earliest feasible date. This would probably require, at the most, only a day of public hearings before each committee, and we would hope that this much time might be found either later in this session or early next year.

In conclusion, let me summarize by saying that the Council and the Institute support H.R. 11970 strongly, but wish to point out that our interests, and those of the United States, might be served even better in the specific field of books and other educational materials by passage of the bill permitting the United States to deposit its ratification of the Florence agreement.

Senator CARLSON. Any questions, Senator Curtis?

We thank you, Mr. Frase.

Mr. FRASE. Thank you.

Senator CARLSON. The next witness is Mrs. Alison Bell, of the American Association of University Women.

Is Mrs. Bell present?

Mrs. Bell, we are very pleased to have you appear before the committee.

STATEMENT OF MRS. ALISON BELL, OF THE AMERICAN ASSOCIATION OF UNIVERSITY WOMEN

Mrs. BELL. I am very glad to be here, Senator Carlson.

The American Association of University Women again wishes to express its appreciation for the privilege of appearing before this committee.

As many of you who are members of this committee know, this association with a membership of approximately 150,000 university women graduates organized in some 1,500 branches throughout the 50 States, Guam, and the District of Columbia has supported a liberal trade policy for the United States since the original reciprocal trade legislation was proposed in 1934. At its most recent national convention in June 1961 the association adopted resolutions and an item in its legislative program reinforcing this longstanding position in favor of liberalizing world trade.

It is the belief of the association that during these past 28 years the reciprocal trade program has served the economic interests of the American people and has strengthened our position in the world (1) by promoting the expansion of world trade and (2) by providing the machinery through which this Nation and other nations can seek their mutual advantage through the exchange of goods.

We are convinced that these past 28 years have demonstrated that a liberal trade policy works to the profit of the wage earner, the producer, and the consumer.

In the light of the dramatic changes which have come about since the reciprocal trade program was initiated and particularly since its

last extension 3 years ago, we in AAUW are of the opinion that the time has come for the adoption of a new program tailored to the needs of the present; therefore, we are here today to support the Trade Expansion Act of 1962.

We base this support on the following considerations:

(1) The development of the European Common Market: In recent years the United States has led the world in trade. Within the last 3 years we have been faced with the organization of a trading bloc with a population almost as great as our own and with a gross national product almost half as great as that of the United States. As this committee is well aware, negotiations are underway which unquestionably will bring other free world countries into membership with this group. We will then be faced with a united trading area whose productive capacity will be near or equal that of our own.

If, as proposed, all internal tariffs within this area are dropped, we as a nonmember nation must adopt a program which will enable us to make trading arrangements with the Common Market area under conditions which will not work to our disadvantage. Any failure to do so will inevitably be a threat to the health of our economy.

(2) As a measure to counteract the trade and aid offensive of the Sino-Soviet bloc: We must also bear in mind that we cannot risk the possibility of a trade war over the developing markets in the emerging nations between the Common Market countries and the United States. For this reason, our economic policies must develop in close relation to the Common Market. In addition, in considering this proposed program, we must remember that the strength of these Common Market countries, when combined with that of the United States, would be an overwhelming force in meeting the economic and political efforts directed by the Communist bloc at these emerging nations.

(3) Our own need for expanding markets: As the Secretaries of Commerce and Labor have demonstrated in the course of the hearings on this legislation and of those conducted in 1958 before this committee, the health of our economy is dependent to a substantial degree not only upon ready access to raw materials but upon expansion of markets outside the domestic one.

The increasing number of young people now approaching working age, the increase in the number of workers dislocated by automation and by other technological advances require provision of more and more job opportunities. While many such opportunities can be provided by stepping up our own consumption, it is clear that we must take advantage not only of the vast possibility for trade expansion with the Common Market area but also with the developing world markets. To fail to put ourselves in position to meet the tough competition which we face for these markets will be to deny this Nation's talent for mass production, distribution, and servicing. Stimulation of the development of the economic stability of these new nations through trade by the Common Market countries and our own will be a fulfillment of a common responsibility. It may also be predicted that as we, through trade, assist in establishing stability, strength, and prosperity among the governments and economies of these nations, a reduction in both American and European aid programs may be possible, even though far distant.

For these reasons we wish to support the provisions of H.R. 11970 which give the administration the power to carry out widely flexible bargaining and reciprocal tariff negotiations.

In conclusion, we also wish to express our satisfaction that this legislation carries provisions which would provide assistance for both the employer and the employee in those industries which suffer injury as a result of this act. Now, as in the past, we in the association have regretted the necessity for injury to even a few industries in the larger interests of the Nation's economy and security.

Since Mr. Frase has spoken of the Florence Agreement, I would like to assure you of the association's interest in the Florence Agreement.

Senator CARLSON. Any questions, Senator Curtis?

Mrs. BELL. Thank you, Mr. Carlson.

Senator CARLSON. Mrs. Bell, we appreciate your very excellent statement and also the brevity of it. Thank you very much.

Senator WILLIAMS. Mr. Jennings of the Cooperative League of the U.S.A.

STATEMENT OF JACK T. JENNINGS, ON BEHALF OF THE COOPERATIVE LEAGUE OF THE USA

Mr. JENNINGS. Thank you. I, too, have a very short statement, gentlemen.

I am reading the statement that was prepared by Dwight D. Townsend, the director of the Washington office of the Cooperative League. I am the assistant director.

We are pleased to include the support of the Cooperative League for H.R. 11970, the Trade Expansion Act. With the expiration of the old Trade Agreements Act, it is obvious that enactment of new legislation to modernize the Trade Expansion Act in keeping with current world economic conditions is highly desirable.

The Cooperative League is glad to be one of several public-interest, nonprofit groups to support this legislation alined with that of farm organizations, labor unions, and others, who seek the affirmative position on the President's proposal.

The Cooperative League is a national federation of consumer, supply, and service cooperatives, the membership of which numbers in excess of over 14 million different families.

Of signal importance to us is the modernization of the Trade Expansion Act that will encourage a closer relationship of the United States to the European Common Market. Activity in this field is a force for good in our relation with other nations of the free world. Wide authority in the hands of the President will equip him to "manage" our business dealings in such fashion that what we gain will not necessarily be identified only in dollars and cents. Our role would be strengthened in the free world if it is made crystal clear that it is not intended to mean the freedom to exploit others. Enactment of H.R. 11970 will afford direction to those areas of our economy where adjustments in tariff are necessary. Particularly we are concerned that this authority be made available to our farmers and to our agricultural economy which is dependent on the Common Market, and

which accounts for one-third of our U.S. farm exports in dollars received.

It stands to reason that the Government must use good business procedures and good business management, and we believe that proper delegated authority to our Executive is the most important management tool at this time. Accordingly, the 5-year grant of tariff-negotiated authority is well within the area of delegation for this purpose.

With the current strides of progress in communication, which followed closely on great advances in transportation, we have to update our code of ethics and modes of procedure in keeping with the seemingly small world of today. Modernization of our trade agreements is one of the important ways of meeting the challenges presented by these newest developments.

We believe the enactment of this legislation would be a forward step by the United States in maintaining its leadership role in some measure with other nations of the free world, and, by this method, it could be an example to the developing nations who sometimes lack the incentive and encouragement to become economically strong, and, as a result, present the weak link in the chain to the rest of the free world.

We are glad to support H.R. 11970 as passed by the House and hope that your committee will act favorably on it.

Senator WILLIAMS. Thank you, Mr. Jennings.

Any questions?

Mr. JENNINGS. Thank you, sir.

Senator WILLIAMS. The next witness is Mr. David J. Winton.

STATEMENT OF DAVID J. WINTON, CHAIRMAN, THE WINTON CO., MINNEAPOLIS

Mr. WINTON. Mr. Chairman, if it meets with your pleasure, I would like to read my introduction, just a paragraph, and then I would like to explain what I have tried to say as briefly as I can and you can read it at your leisure, so that there may be more time to ask me about my ideas. With your permission, I will go ahead on this basis.

Senator WILLIAMS. You want your whole statement printed in the record?

Mr. WINTON. Thank you very much.

(The complete prepared statement of Mr. Winton is as follows:)

STATEMENT OF DAVID J. WINTON, CHAIRMAN, THE WINTON CO., MINNEAPOLIS, IN SUPPORT OF H.R. 11970

David Winton is my name. I am chairman of the Winton Co. We manufacture lumber and plywood in California from about 75 million feet of logs annually, a substantial part of which comes from U.S. Forest Service timber sales. In British Columbia we manufacture lumber from about 10 million feet of logs from our own timber purchase from the British Columbia Forest Service and about the same amount of lumber under contract from logs supplied by a neighbor. About 90 percent of our total assets in equipment and natural resources are in the United States and about 10 percent in Canada. Per dollar invested in Canada and the United States, we fare much the same over many decades, I'd say. I am here to testify in favor of the passage of the Trade Expansion Act as passed by the House of Representatives. While I would prefer to see the escape clause and the reserve list treated with less emphasis on trade restriction, I endorse the bill as presently written.

I can support it because I want our country to move forward vigorously and confidently to protect and expand its vital trade stake, assert a leadership role in the councils of nations, and move with the determination to achieve its many goals of growth at home and abroad. Any success in these efforts requires at least the kind of trade policy embodied in this bill.

One of the key councils of nations in which our hand will be strengthened is the general agreement on tariffs and trade—a forum in which we have our best chance of protecting our trade interests all around the free world. Last year I was sent to Geneva twice by the State Department as a public member of GATT. It is my hope that my experience as an American businessman, and as a businessman who witnessed the recent trade negotiations, will be of value to you as you consider enactment of the Trade Expansion Act.

Let me say a few words about GATT. I went to Geneva wondering to what extent the past GATT negotiations had contributed to the expansion of our international trade and how effective we were in our negotiations.

Of these two questions, the first, it seemed to me, would tend to be answered by the statistical record—overall and by the importance of export business to American industry and agriculture.

The effectiveness of negotiators and negotiations, would be a matter of judgment after watching our teams in action. As to our overall trade position, I know that our export figures are complicated by various forms of agricultural programs, and our import figures include large amounts of both competitive and noncompetitive goods. So I took exports and imports of finished manufactures alone, and I found that at least in the last half-dozen years—years of unprecedented foreign competition—we had export surpluses ranging between \$4.8 to over \$7 billion. Last year it was over \$6½ billion. These do not point to any tending to price ourselves out of the market. The expanded trade of our own country and the rest of the world has brought increased prosperity and stability to both. The public advisers spent much time discussing the capacities and the effectiveness of our negotiators and also how well we thought our negotiations were carried on. We attended the meetings preparing for negotiations. Then we attended the negotiations and watched our teams in action. Let me quote two sentences from the letter to President Kennedy from the following public advisers on this subject:

- Mr. Andrew J. Bieniller, director, AFI-CIO Legislative Department.
 Mr. Homer L. Brinkley, executive vice president, National Council of Farmer Cooperatives.
 Mr. Alfred C. Neal, president, Committee for Economic Development.
 Mr. Raymond E. Salvati, president, American Mining Congress.
 Mr. Claude Wickard, former Secretary of Agriculture.
 Mr. Leighton Wilkie, president, Do-All Co.
 Mr. Donovan Wilnot, former vice president, Aluminum Co. of America.
 Mr. David J. Winton, president, Winton Lumber Co.

"We were impressed by the devotion and competence of all members of the U.S. delegation, representing nine agencies of the Government. In the light of the modest tariff reduction authority provided by the Trade Agreements Act of 1958, and the cumbersome item-by-item negotiation imposed by the requirements of that act, the relatively favorable outcome of the negotiations reflects credit on their diligence and skill."

The entire letter to the President is attached to this statement. Also these two sentences express my own feeling about the dedication and effectiveness of our own representatives and the way they handled their work.

There are critics of this bill who will say that the concessions which other countries made in reciprocal return for concessions on our part were severely compromised by quotas. There was a time when this was so, but it was not an effort to back out of tariff concessions by imposing restrictions through the nontariff route. We must recall what the world was like shortly after the war when these postwar trade agreements were first negotiated, and what it was like for many years thereafter, well into the 1950's. The strongest countries outside of North America could afford rather free convertibility of their currencies with the dollar only as recently as the end of 1958. Considerable progress has been made in removing these nontariff barriers and I expect the administration to continue with increased vigor its effort to get such restrictions removed as quickly as possible. There are, of course, many restrictions abroad which are not in conflict with commitments made under GATT. We have them in our own

country. It would be to the advantage of all trading countries to minimize such restrictions as soon as it is feasible to do so.

The record of our trade with the rest of the world and with our best customers in particular shows that the negotiations of the past have worked to our advantage. The statistics of production and trade bear this out. I have every expectation that the negotiations we enter into under this legislation will continue this impressive trend.

This does not mean that when the Trade Expansion Act is passed we shall have an easy road ahead. We are faced for the first time in this modern era with a world trading power potentially as strong industrially as ours. We encounter increasing competition from both developed countries and less-developed countries. That competition will not let up, nor should we make any attempt to lessen its impact on our own economy. The big question is not how to restrict the competition, but rather how to adapt ourselves to it and take advantage of the growing business opportunities which growing economic power and competition abroad represent.

Now a word about the adjustment assistance provisions of this bill. It is of the greatest importance that our response to problems of import injury take the form of helping the affected businesses and workers make a successful adjustment to their new competitive situations. If it is in the national interest for us to use concessions in our tariff schedules to bargain our way into the expanding Common Market—and I am convinced that it is—then it would seem a logical obligation of the U.S. Government to help businesses and workers adjust to the new conditions.

The adjustment assistance provisions, if enacted into law, would constitute a message to the country—needed now more than ever before—that, in an increasingly competitive world, the responsible course of a private enterprise system is to change the inefficient life into the more efficient life for both the companies and the employees.

The passage of the Trade Expansion Act is an important step to a more stable, secure world for our children, our Nation, and the world. I respectfully urge you to support the passage of H.R. 11970.

In closing, gentlemen, I am aware that the Senate Committee on Commerce has held extensive hearings on importation of softwood lumber from Canada, and other problems facing the lumber manufacturing industry. I am also aware that the National Lumber Manufacturers Association, on whose board I serve as a director, has persistently urged Congress to do many things to assist and aid the lumber industry. One of these is the immediate imposition of a temporary quota on Canadian lumber.

I do not want to trespass on your time by discussing the National Lumber Manufacturers Association suggestions, which are extraneous to the trade bill and some of which I question the wisdom of. I do wish to say, however, that I oppose the suggested restrictions in any form, either tariffs, quotas, or hidden tariffs on the importation of Canadian lumber to the United States.

If such a program of restriction were instituted, harm would result to the lumber manufacturing segment of the total lumber business and also to the vastly larger distribution and user segment of the lumber business and also to the national welfare and security. The lumber manufacturer would be harmed by rising prices and encouraging further substitution by plywood particle board, Gyp board, concrete, aluminum, sheet steel, etc.; the distributor and user would be deprived of them if sources of supply would tend to be priced out of the market, and the national welfare and security of the United States would be harmed by additions of overcutting this sawtimber of the 11 Western States, the last great supply of virgin softwood sawtimber in the United States.

Even more important, such a restriction will ruin the growing spirit of cooperation between Canada and the United States on even such projects as the Columbia River and St. Lawrence Waterway. No doubt it would foster retaliation against American products such as fruit and nuts as it did 30 years ago. In addition, it would ruin the least troublesome pattern of two-way trade one could imagine—where we accept raw and semifinished goods as imports on which much labor is to be added in the United States, in return for exports of finished items to Canada, maintaining year after year a most favorable balance in this exchange. And it would show the world that the United States talks freer trade but practices it with great reservations.

STATEMENT TO THE PRESIDENT BY THE PUBLIC ADVISERS TO THE U.S. DELEGATION TO THE GATT TARIFF CONFERENCE, GENEVA, SWITZERLAND

As public advisers to the U.S. delegation to the Tariff Conference at Geneva, we are pleased to report to you our observations on the outcome of that conference and our conclusions concerning the need for further action to reduce barriers to international trade.

The negotiations at Geneva should help to open further foreign markets for our exports at a time when the improvement of our trading position is of key importance to our economy. In return for the limited concessions in U.S. tariffs that our delegation was authorized to offer, the American negotiators bargained diligently and effectively to obtain concessions of value to our export trade. We were impressed by the devotion and competence of all members of the U.S. delegation, representing nine agencies of the Government. In the light of the modest tariff reduction authority provided by the Trade Agreements Act of 1958, and the cumbersome item-by-item negotiation imposed by the requirements of that act, the relatively favorable outcome of the negotiations reflects credit on their diligence and skill.

We have reviewed our experience at Geneva in terms of the need for future authority to reduce barriers to international trade. We have considered the probable impact of the European Economic Community on our economic and our political interests in the world. We believe that the discrimination inherent in the Common Market's removal of internal tariffs while retaining an average external tariff calls for greater negotiating authority to retain or expand our export position in Europe. We became more aware of the special problems of less-developed countries whose need for trade should be increasingly taken into account. Finally, we have taken account of the necessity for linking the countries of the free world more closely together in the face of the long-term challenge to the survival of free institutions that is represented by the Soviet bloc.

With these considerations in mind, we are unanimously of the belief that it is the part of American leadership to continue to move forward boldly to reduce further barriers to trade among the free nations.

We welcome, therefore, your proposals for new trade legislation. The times and the circumstances call for broad changes in the character of our basic trade-policy law. In our opinion, passage of an act embodying the basic principles of the proposed Trade Expansion Act is necessary for the strengthening of the U.S. economy, for fostering orderly economic development in the poorer nations, and for promoting the unity of the free world.

Our experience convinces us that the broader powers which the new act would provide the President are necessary if we are to continue to lead in bringing down the obstacles that still hamper the exchange of goods and services within the free world. The safeguard provisions in the proposed legislation have been desirably modernized. The hampering features of the expiring legislation have been modified, while at the same time provision has been made for dealing with possible adjustment problems of American labor, industry, and agriculture.

We should like to stress also the importance of other national policies to maintain and strengthen our international competitive position. The trade expansion programs should stimulate and enable American exporters to retain and develop market opportunities abroad.

It has been a stimulating experience to have participated in the Geneva negotiations as representatives of industry, labor, agriculture, and the general public. We appreciate the opportunity to have served.

Public advisers: Mr. Andrew J. Blemiller, director, AFL-CIO Legislative Department; Mr. Homer L. Brinkley, executive vice president, National Council of Farmer Cooperatives; Mr. Alfred C. Neal, president, Committee for Economic Development; Mr. Raymond E. Salvati, president, American Mining Congress; Mr. Claude Wickard, former Secretary of Agriculture; Mr. Leighton Wilkie, president, Do-All Co.; Mr. Donovan Wilmot, former vice president, Aluminum Co. of America; Mr. David J. Winton, president, Winton Lumber Co.

The following public advisers were either out of the country or otherwise unavailable and thus did not have an opportunity to participate in the preparation of the statement or to approve it before submission to the President: Mr. Elliott V. Bell, editor and publisher (Business Week); Mr. Morris C. Dobrow, executive secretary and treasurer, Writing Paper Manufacturers Association; Mr. Jacob S. Potofsky, president, Amalgamated Clothing Workers of America; Mr. Bert Seidman, economist, Research Department, AFL-CIO.

Mr. WINTON. David Winton is my name. I am chairman of the Winton Co. We manufacture lumber and plywood in California from about 75 million feet of logs annually, a substantial part of which comes from the U.S. Forest Service timber sales. In British Columbia we manufacture from about 10 million feet of logs from our own timber purchase from the British Columbia Forest Service, and about the same amount of lumber under contract from logs supplied by a neighbor from his own sale.

About 90 percent of our total assets in equipment and natural resources are in the United States and about 10 percent in Canada. Per dollar invested in Canada and the United States, we have fared much the same over many decades, I would say.

I am here to testify on behalf of the passage of the Trade Expansion Act as passed by the House of Representatives. While I prefer to see the escape clause and the reserve list treated with less emphasis on trade restriction, I endorse the bill as presently written.

In my statement I have tried to show you through my own eyes and also through the testimony written by the other public members and myself of the GATT delegation last summer that our GATT representatives in Geneva handled their job in a dedicated and effective way.

In addition, these men and women did an outstanding job for our country within the scope of an expiring Reciprocal Trade Act.

Attached to my statement is a letter to the President signed by the following public members of the public delegation: Andrew Bie-miller, AFL-CIO; Homer Brinkley, executive vice president of the National Council of Farmer Cooperatives; Raymond Salvati, president of the American Mining Congress; Claude Wickard, former Secretary of Agriculture; Leighton Wilkie, president of the Do-All Corp.; Donovan Wilmot, former vice president of the Aluminum Co. of America; and myself.

This letter is in enthusiastic agreement with what I said about our GATT personnel.

In addition, I have tried to show in my own statement that the GATT negotiations in the past have helped increase our foreign trade. This was particularly true, in my opinion, of finished goods. In the past half dozen years, our favorable balance in these particular items has been substantial.

I have, also, in my statement, tried to underscore the need and rightness and fairness of the trade-adjustment clause.

If, in the national need of our country, harm comes to an industry or its employees, those affected should be helped in adjusting to the new situations.

This is not the same as compensating the high-button-shoe industry or the buggy-whip industry. The Trade Expansion Act is merely helping to make efficient again what was made inefficient in the national good.

Now, in closing, gentlemen, I am aware that the Senate Committee on Commerce has held extensive hearings on importation of softwood lumber from Canada and other problems facing the lumber manufacturing industry.

I am also aware that the National Lumber Manufacturers Association, on whose board I serve as a director, has persistently urged Congress to do many things to assist and aid the lumber industry. One

of these is the creation of a temporary quota on Canadian lumber.

I do not want to trespass on your time by discussing the National Lumber Manufacturers Association's suggestions, which are extraneous to the trade bill, and some of which I question the wisdom of. I do wish to say, however, that I oppose the suggested restrictions in any form—either tariffs, quotas or hidden tariffs—on the importation of Canadian lumber to the United States.

There are seven or eight directors of the National Lumber Manufacturers Association who do not agree with the association's position on the program of restrictions. It is important to know that a big portion of the fabricators and users of lumber is highly opposed to this program.

The lumber industry is composed not only of manufacturers, employing over 300,000 workers, but there are three or four times as many people in the lumber business in the processing and distribution end of it, including manufacturers who use lumber.

The majority of the latter group are highly opposed to any restrictions on its importation.

If such a program of restriction were instituted, harm would result to the lumber-manufacturing segment of the total lumber business and also to the vastly largely distribution and user segment.

The lumber manufacturer would be harmed by the price increases such restrictions would tend to generate, encouraging further substitution by plywood, particle board, gypboard, concrete, aluminum, sheet steel, and so forth. The national welfare and security of the United States would be harmed by additions to the overcutting of our sawtimber in the 11 Western States, the last great supply of virgin soft timber in the United States.

Even more important, import restrictions will ruin the growing spirit of cooperation between Canada and the United States on even such projects as the Columbia River and the St. Lawrence Waterway.

No doubt, it would foster retaliation against American products such as fruit and nuts, as it did 30 years ago.

In addition, it would ruin the least troublesome pattern of two-way trade one could imagine: where we accept raw and semifinished goods as imports on which much labor is to be added in the United States, in return for exports of finished items to Canada, maintaining year after year a most favorable balance in this exchange.

And it would show the world that the United States talks freer trade than it practices, that it practices freer trade only with the greatest of reservations.

Thank you very much, Mr. Chairman.

Senator WILLIAMS. Thank you, Mr. Winton.

Are there any questions?

Senator McCARTHY. Mr. Chairman, I would like to ask the witness a question or two.

You indicated in your statement that you are in disagreement with the position taken by the National Lumber Manufacturers Association with reference to the trade and tariff bill, Mr. Winton?

Mr. WINTON. Yes.

Senator McCARTHY. They have not yet testified, have they?

Mr. WINTON. Not before this committee, I believe, but they have testified before the Ways and Means Committee.

Senator McCARTHY. Do you expect them to recommend here the imposition of quotas?

Mr. WINTON. I rather think that is one of several things. They have some 10 points in the different programs they have suggested.

Senator McCARTHY. Was the position which I assume they took as an organization some time ago, was this taken before the new depreciation schedule, the new schedule F, was announced by the Treasury Department?

Mr. WINTON. Yes.

Senator McCARTHY. Would you expect that the fact that that schedule has been announced, the fact that it is now known, certainly would have some effect upon their operation, would it not?

Mr. WINTON. Yes.

Actually, it will have and it already does have. It fits the lumber manufacturing business so well. It is bound to affect lumbermen favorably.

Senator McCARTHY. But if this depreciation schedule—there is no question of its being adopted. It should improve the competitive position between American lumber producers and Canadian lumber producers, should it not?

Mr. WINTON. I would think so.

Senator McCARTHY. And it should have some bearing upon the case that might be made in favor of tariffs or quotas?

Mr. WINTON. I would think so, because it is of material assistance to the lumber manufacturers.

Senator McCARTHY. Can you tell me what the situation is with regard to the supply of lumber in the United States, first of all, with reference to hardwoods, and then after that, if you would talk somewhat about softwoods, either western, eastern, or southern?

What is the hardwood situation?

Mr. WINTON. Hardwoods, in general, there is greater growth of hardwoods today than is being used. But it is unfair to speak of quantity alone, because the quality of the hardwoods that is replacing the old cut is very inferior.

About 75 percent of the inventory is either low grade or culled logs, which means you really are growing 4 feet of saw timber to get 1 good foot that is usable. So it is difficult to talk in terms of quantity without talking in terms of quality. The quality of our hardwoods is not good.

Senator McCARTHY. What does this mean in terms of possible imports or actual imports today, or possible imports in the future?

Mr. WINTON. We have plenty of hardwoods for the time being, and will have for probably a period running through, according to the TRR Report No. 14 of the U.S. Forest Service, running through 1975.

If we use the medium demand set forth there, we will be short of hardwoods by the year 2000, in spite of the fact that we have an excess of growth now.

Senator McCARTHY. So it is more a problem of the proper management of our hardwood forests in the next 25 or 50 years?

Mr. WINTON. That is a very serious problem, as a matter of fact, developing quality timber in our hardwood forests.

Senator McCARTHY. Is there any need for protection in this area at the present time, or do you see any need for it in relation to proper forest management of our hardwood forests?

Mr. WINTON. I do not think there is any need for import protection; no.

Senator McCARTHY. What is the situation with regard to softwood? The Canadian versus United States problem is a softwood problem, is it not?

Mr. WINTON. This is a place where the shoe can pinch. I have some figures here that you might like to have in the record.

The remaining softwoods in the United States total up about like this, as of 1962, according to the Forest Service:

In the East, 242 billion feet of softwood sawtimber. This would be pretty largely small in quantity, small in diameter, and so on, and, of course, second growth.

In the West, 1,406 billion feet, very largely old-growth, softwood sawtimber, for a total of 1,648 billion feet of softwood.

At this particular time we are overcutting our growth in the West. According to TRR No. 14 we had in 1952 in our 11 Western States, 11-plus billion feet of growth, and we had 22½ billion feet of cut, or a deficit of 11½ billion feet, or a growth-overcut ratio of 0.49.

This deficit will become greater by 1975, and more marked by the year 2000.

According to the Forest Service, by 1975 the overall gap would be 13, nearly 14 billion feet of sawtimber, and by the year 2000 it will be 64 billion feet, or the ratio of growth to cut will be 0.17, which is overcutting it too fast, in my opinion.

Senator McCARTHY. Could I ask this question first: If a tariff were imposed or if quotas were imposed, would it not be likely to have the effect of accelerating the cutting of softwood timber in the United States in the years immediately ahead?

Mr. WINTON. If a tariff were imposed or a quota were imposed, it would raise the price, in the short term it would increase production, but it would encourage substitution. This would be the same kind of trap that we have been caught in before. Volume is inclined to continue but prices slump and the industry is inclined to be more unhealthy than it was in the beginning.

Senator McCARTHY. In effect, you are saying it would set up kind of a chain reaction. If you were to do this—

Mr. WINTON. Exactly.

Senator McCARTHY (continuing). Either substitutes produced within the United States would come into competition with timber products, or there would be a need to impose additional tariffs and duties on other imports?

Mr. WINTON. Right, such as hardboard from Scandinavia.

Senator McCARTHY. That might be considered competitive.

Mr. WINTON. Could I add one word?

Senator McCARTHY. Yes.

Mr. WINTON. This little book here is published by the National Lumber Manufacturers Association. It is full of a lot of facts which I would be very glad to leave for the record, if you think it worth while.

In table 76, on page 95, it shows that plywood has increased from 1.2 billion feet in 1940 to 10 billion feet in 1962.

Table 77, on page 46, insulation board, hard board, particle board, has increased from 1947, 2.4 billion, to an estimated 6 billion feet in 1962.

In table 69, on page 43, it shows railroads used lumber in 1929 of 3.6 billion feet. In 1959 they used 1 billion feet.

What caused these declines in lumber consumption? Not Canadian lumber, but American plywood, American board, steel, concrete, aluminum, masonite, gypboard, all these various things took the place of lumber, because when the price of lumber goes up, substitutes creep permanently under the blanket.

Let us take housing trends just for one second. On sheathed houses in 1940, 49 percent of them were sheathed with lumber.

In 1956, it was down to 31 percent; but insulation, gypboard, and so forth, in 1940 was only 19 percent. In 1956, it was 45 percent of the sheathing on houses.

Wooden shingles went in 1940 from 36 percent down in 1956 to 11 percent. Asphalt and asbestos shingles went from in 1940, 47 percent, to in 1956, 73 percent.

Windows of wood in 1940, 91 percent; in 1956, 57 percent.

These figures tend to show that the whipping boy we are looking for is substitution and not 4 billion feet of lumber from Canada.

Actually, just taking particle board, hard board and plywood, 15 billion feet, all of this could be handled by lumber. So it is these various products out of the forests that are really taking the place of 15 billion feet of lumber.

Forests are not just for lumber production. The lower end of the tree is taken by a dynamic, growing industry, the paper industry. The upper end of the log is taken by another dynamic industry, the plywood industry, and in between stands lumber with one competitive drawback few people know about. The average item that is manufactured in the United States takes about 160 hours labor to raise its value \$1,000. Lumber and lumber products take 302 hours.

That is the competition we lumber manufacturers are up against.

What about paper and pulp here? It takes 164 hours to raise its value \$1,000. Plywood is higher. It takes 278 hours. All three industries compete for the same forests and the same labor.

Senator McCARTHY. Assuming that current forest management practices continued about as they are, what would be the situation with regard to the available supplies of western softwoods, let us say, by 1975, or beyond that, by the year 2000?

Mr. WINTON. According to the Forest Service, by 1975, a little over half of the private sawtimber in the West in 1952 would have been liquidated. Today in the West there is, actually, about 85 percent of the remaining softwood sawtimber of the country. Of the 85 percent, about 85 percent of that, roughly—I might be off 3 or 4 percent—is in the State of Oregon, the State of Washington, and the State of California.

Of this amount, according to the study by Guthrie and Armstrong, 60 percent is public timber; 40 percent is private timber. The 40 percent, by 1975, will have gone down to substantially less than half.

The 60 percent will stay about the same number of feet more or less, because the Government is on a sustained-yield basis.

As I remember it from the study by Guthrie and Armstrong, some 300 billion feet will have been reduced, about 30 billion out of the national forests and about 275 billion, as I remember it, out of the private.

Senator McCARTHY. I am concerned with the more general judgment.

So even with improved practices, there will probably be a continuing, in terms of U.S. supplies, U.S. demands, there will be a growing gap between demand and supply?

Mr. WINTON. Yes. I am not talking about a sawtimber famine. I am not talking about a shortage of lumber. We can live on our capital for a number of years. But that is not wise, for you do not start a forest today and cut it tomorrow. It takes 30 to 40 years to make any impression with an established forest policy.

One of the bad parts of it is the 52 or 53 million acres that need planting—about 10 percent of all commercial land.

We have made real steps in planting much more than in the earlier part of this century; a great deal of progress has been made in this; and much progress has been made by industry, particularly by paper companies and lumber companies, and also very marked progress in the Government's care of their forests.

But we still have very large areas of small woodlot ownerships that are in deplorable shape. Until there is a real program for these small woodlots and these small ownerships, we get nowhere in meeting the gap that will occur 30 years hence.

Senator McCARTHY. Could I have your opinion on this one question, which really has two parts?

In the first place, you believe that higher tariffs or quotas would, for the most part, simply encourage the use of substitutes for lumber?

Mr. WINTON. I did not quite hear you, Senator.

Senator McCARTHY. An increase in tariffs or the imposition of quotas would probably have the effect simply of encouraging the use of substitutes for timber and for lumber products or wood products?

Mr. WINTON. This is what has happened. When the war was over, lumber advanced in price as soon as the controls were taken off. It advanced in price faster, as I remember it, than other building materials except steel, for about 5 years, and during that time the substitutes, all the various incasing materials and structural materials, came flying in, and we have never been able to dislodge them at all.

Senator McCARTHY. On the other hand, if the tariff were effective in raising the price of timber, wood products, that are raised in the United States, unless general forest management practices were changed, that we would find ourselves as the years passed in a position of greater disadvantage in terms of our own capacity to supply our needs for lumber and timber products?

Mr. WINTON. This is one of the reasons that Canada's forest inventory is one of the great, great fiber blessings this country has.

It not only makes it possible for Canada to carry on a trade with us that is about the best reciprocal trade example of a—

Senator McCARTHY. Truly advantageous.

Mr. WINTON. The finest example we have. We accept from them raw materials, semifinished materials, fur, fish, products of the mines, the products of the forest. All of these things take a vast amount of labor after they get to this country. We sell them finished goods, automobiles, farm machinery, all these various finished goods, and the balance of trade is strong in our favor.

Now, unfortunately, Canada has gotten into a deplorable condition as far as her balance of payments goes. Here they are losing \$100 to \$120 million a month. This is the same thing on a per capita basis relatively if the United States were losing \$14 to \$16 billion a year.

This is the reason their currency has been depreciated. This is the reason why U.S. import restrictions would be such a body blow to them. A quota on their lumber would curtail one of the remaining ways in which they can take care of their payments to us in connection with the goods that they buy from us.

It is a very favorable balance of trade that we have with them, as you know; I think the best that we have any place in the world.

Senator McCARTHY. It would be your opinion, then, that in terms of the purely economic considerations, that this trade relationship should be encouraged and certainly continued and encouraged?

Mr. WINTON. Senator, much more than this. We have worked out a cooperative arrangement with Canada starting at one end of a 4,000-mile border with the St. Lawrence Waterway. At the other end we have one of the most promising possibilities between Canada and the United States—the Columbia River development. Now, we have begun talking about it in a constructive and wise way between the two countries.

This same thing is true of gas. Gas now comes down from Canada. This is a rather new thing. We have had difficulty getting this going.

Our problems are thus joint problems and we are finding joint solutions. Let us not harass the Canadians into an interruption of this improved relationship.

It would be a body blow to the cooperation that has grown up between our two countries if trade were restricted, particularly with our neighbors and our friend in such ill health economically.

Senator McCARTHY. It is your opinion that this kind of exchange, the use of Canadian timber, should fit into our own forest management plans, as well as it does fit into their forest plans?

Mr. WINTON. They are very close together.

The same appraisal system is used for stumpage pricing.

The only difficulty is there are not quite as many people craving timber in Canada as there are in the United States. Today there are more people looking for timber than there is timber, but it is not quite as bad in Canada as it is down here. That is the only difference.

Senator McCARTHY. I gather from what you have said that you are of the opinion that a kind of Common Market arrangement with Canada might be better for Canada and better for the United States?

Mr. WINTON. I think so, though it has some difficulties.

Senator McCARTHY. Mr. Chairman, the witness has indicated, as I know, too, that the National Lumber Manufacturers Association does have some views that are opposed to the trade bill that has been recom-

mended to us, and they may testify later, but, in any case, their views are generally known, and I would like to ask the consent of the committee that the witness, Mr. Winton, may have permission to file a statement commenting on these views or in answer to them in cases he is in disagreement with the position of the National Lumber Manufacturers Association.

Senator WILLIAMS. That will be granted. We will be glad to have that incorporated in the record.

Mr. WINTON. Thank you very much.

Senator WILLIAMS. Any further questions?

If not, thank you very much, Mr. Winton.

I understand that this completes the list of the scheduled witnesses. The meeting stands adjourned until 10 o'clock tomorrow.

(Whereupon, at 4:35 p.m., the hearing was adjourned, to reconvene at 10 a.m., Wednesday, July 25, 1962.)

TRADE EXPANSION ACT OF 1962

WEDNESDAY, JULY 25, 1962

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to recess, at 10:10 a.m., in room 2221, New Senate Office Building, Senator Harry F. Byrd (chairman) presiding.

Present: Senators Byrd, Douglas, Gore, Talmadge, Hartke, Williams, Carlson, and Curtis.

Also present: Elizabeth B. Springer, chief clerk, and Serge N. Benson, professional staff member.

The CHAIRMAN. The committee will come to order.

The first witness is Mr. O. R. Strackbein of the Nation-wide Committee on Import-Export Policy.

We are glad to have you again, sir, before the committee.

STATEMENT OF O. R. STRACKBEIN, CHAIRMAN, THE NATION-WIDE COMMITTEE ON IMPORT-EXPORT POLICY

Mr. STRACKBEIN. My name is O. R. Strackbein. I am chairman of the Nation-Wide Committee on Import and Export Policy.

Mr. STRACKBEIN. H.R. 11970 comes to this committee as passed by the House a few weeks ago. I hope and urge that the committee and the Senate will examine very closely what the proposal would mean, how far it would go, and how sharply it would break with the past trade policy under the Cordell Hull program.

It would pave the way to virtual free trade and would do so without providing any but the loosest and most elastic criteria as guidelines.

If the bill is passed in its present form, the State Department will have won its bid for power in its 15-year struggle to set Congress to one side.

So far as the regulation of foreign commerce is concerned and so far as shaping the tariff is concerned, if this bill is passed, the election of Representatives and Senators by the people will have become a wholly empty process without sense or substance.

For one thing the 5-year span of the bill would jump over two Congresses. The voters could well be excused for taking the attitude of "What's the use?" and pulling over them the covers of indifference and apathy should Congress ratify its own abdication. This would mean the decay of democracy.

Therefore, this is more than a tariff bill; much more.

Granting to the State Department a 5-year period of freedom to enter into binding international commitments would be delivering

vast new powers into the hands of those who have already shown their disregard of Congress.

An example is the General Agreement on Tariffs and Trade, a document that has not yet, after 15 years, been submitted to Congress for any type of approval. Yet it contains far-reaching commitments that cut squarely across the constitutional function of Congress. A longer period of broad power could leave Congress shorn of its authority with little hope of recuperation.

One wonders why the House passed the bill. It is enough to say that such was the effect of the Executive maneuvers and lobbying that some of the staunchest past opponents, Members who were in the very forefront of the opposition for some years, swung 180 degrees in order to support it. That is not customary behavior nor behavior that speaks for itself.

It has all the aspects of induced behavior, as under duress, skidding and pivoting on a quid pro quo.

Mr. Chairman, this bid for more Executive power than has hitherto been extended arises avowedly from the fact that we do not have very impressive bargaining power left. This in turn simply means that we have shot away most of our ammunition while the foreign countries with which we bargained so improvidently so many times have much more ammunition left than we.

The fact seems to be that while our tariff has been scaled down from the high average of slightly over 50 percent on dutiable items to about 11 percent, other countries that had distinctly lower tariffs than we to begin with have graduated after 28 years of experience with shrewd Yankee bargaining with higher tariffs than ours.

Somewhere along the way we passed them on the downward path.

Now, the State Department has to plead for use of nearly all the tariff we have left as expandable ammunition if they are to do any good. Yet their record in previous forays into the bargaining gambit does not inspire much confidence.

Why should they be given virtually carte blanche now to carry out what they have so successfully failed to accomplish in the past?

After they shoot this new ammunition away ineffectively where will we be?

The State Department objected bitterly over the 20-percent limit placed on the President's tariff-cutting power in 1958. This shallow cut did not give enough elbowroom for keen bargaining, they complained. That was the case, if it was true, because 20 percent of an already low tariff does indeed not look very impressive.

Yet the Department through its self-serving propaganda apparatus claimed that we had gained more than we had given in the Geneva bargaining.

Which was wrong, the complaint about the bargaining limits or the claims about the handsome benefits received?

The request for power to eliminate the tariff entirely in very broad categories calls for a 5-year surrender by Congress and the substitution of Treasury assistance for tariff increases where injury is incurred.

While tariff increases could still be proclaimed, the clear intent to desert this path was demonstrated by the gutting of the escape clause in H.R. 9900 and its reinstatement in a wholly anemic form in H.R. 11970.

Yet, even GATT has an escape clause and a further escape provision (art. XXVIII) that has been used very extensively by other countries.

Why then the unilateral economic disarmament?

In the military field we are not so naive. That is perhaps because our military policy is not made in the State Department.

The emasculation of our statutory escape clause, moreover, would sever almost the last string through which control by Congress could be exercised. This fact provides us with the missing piece of the puzzle. The Tariff Commission, which is the agency that makes findings under the escape clause, is a creature of Congress, and was set up by Congress to do technical and detailed work for Congress.

Under the present bill the Tariff Commission would be reduced virtually to the status of a statistical agency. While escape-clause actions might still be taken, the Commission would not be guided by criteria supplied by Congress. Moreover, the President would be completely free to choose the adjustment assistance remedy in place of the escape-clause remedy.

Already the escape-clause remedy was weak because of the consistently negative influence that the State Department brought to bear on the White House.

The record of successful actions in 15 years has been only 15 out of about 130 cases brought before the Commission by industry. The President has rejected two of every three recommendations sent him by the Tariff Commission.

This negative record did indeed condemn the escape clause but the remedy does not lie in abandoning it but in making it do what the Congress intended that it should do and what our Presidents since 1934 and a succession of Secretaries of State assured Congress and the country that it would do; namely, correct the errors in tariff cutting committed by the State Department, by restoring individual tariff rates to the point necessary to overcome such injury as might be caused by excessively drastic cuts.

Almost every Congress since 1951, when the escape clause was first enacted, has amended it to make it do what it was supposed to do.

Now suddenly, after Congress was on the trail, and had sensed the reason for the escape-clause failure, this remedy is to be thrown aside in favor of the dismal dole. This would represent breaking faith with policy continuity without benefit or hint of a popular mandate. It would also dissolve about the only hold that Congress might have left over State Department operations.

Ostensibly the purpose of the bill is to increase trade, exports in particular, by offering other countries greater access to our own market.

Actually the problem that confronts this country in the field of employment is not one that will yield to the therapy of any attainable increase in exports.

The handle is entirely too small. Only 3.7 or 3.8 percent of our gross national product is provided by exports. It is nothing short of fantasy or doctrinal hypnotism that can induce reputedly intelligent people to suggest that an activity that at most employs, directly, indirectly, and roundabout only 2,500,000 workers out of some 67 million, or one worker out of 27, could be used to solve an unemployment

problem that looms half again as high as the number of workers employed in all aspects of exports and supporting and related activities, an unemployment problem of 4 million.

The concept is so childish and the vision so grossly out of focus that it can only be looked upon as a stalking horse for something else. It is a monstrous insult to the American people to offer them such a deceptive formula. The only reason it is possible is because the public, including informed people, have been kept in ignorance.

Here a seeming digression is necessary to complete the picture. Actually it is not a digression but a highly relevant note.

The regrettable and distasteful fact is that the metropolitan press has systematically kept the public in the dark on one side of the trade issue.

This is a serious charge to make, but I make it point blank without fear of error. Those who think that such a blackout could occur only in Russia have not sat where I have sat. The big press has not been guilty of gross negligence; not at all—quite the opposite. It has known exactly what it was doing and has persisted stubbornly in its deep contempt of the right of the public to know and to be well informed on this great public issue.

The proof of this is all around us. If the press is really interested in anything but news suppression in this field there is a vast store of information that could be given to the public. This will not be done. I repeat, it will not be done. The press is now bowed down with humility.

This is not a reference to reporters. Without a complete reversal of the practice of the past two decades the facts and opinions held by those who do not share the views of the dominant press will not see the light of day except perhaps in fragmented and distorted form.

The press has abused its high constitutional privilege of freedom for a mess of economic pottage.

Yet, no Congress, no parliament, no constituent assembly of any kind can legislate intelligently without the support of a free and unbiased press.

In the field of tariff and trade we have not come within eyesight of such a press in this country in the past 15 or 20 years.

The vast propaganda campaign loosed upon the public some 6 months ago by the executive branch of the Government was designed to overwhelm the elected representatives of the people. It has succeeded up to this point, but only because the press enlisted eagerly as handmaidens and obsequious disseminators of the propaganda while wielding the blue pencil on nearly all else and stifling with deep silence nearly all contrary opinion. For good measure the observation was then made that the opposition was weak and exhibited no fight.

What is the public to believe? What does the public believe in Russia?

When the press and the Government in this country are in agreement on a controversial public issue, the opposition is reduced to the status of opposition in any totalitarian country, that is, to ineffective silence.

The public is then easily led and misled by recourse to insensate catch phrases and slogans. An example is "trade or fade." Suc-

cess of such slogans depends on the absence from the public mind of the bases of judgment in the form of factual data.

Now we come back to our base; and the relevance of the apparent digression will become obvious.

Let us examine some aspects of the bill about which very little is known. The press has bothered a great deal not to throw any light on some of the provisions of the bill that will one day loom very important should it pass. The sophistry of the bill's supporters has been left unchallenged. The philosophy of its promoters has not been probed. The wild exaggerations made by its proponents have with a few notable exceptions been accepted unquestioningly.

One of these exaggerated claims relates to the touted prosperity of the Common Market countries. Their growth is no more phenomenal than that of Denmark, Austria, Sweden, and Norway, which are not members.

Japan, also a nonmember, has outpaced them all, including the Common Market countries. This fact has not been illuminated in the newspapers. Yet, high policy is based on this vaunted growth and prosperity of the six countries.

The press has not separated the wheat from the chaff.

Of a kind is the frequent reference to our export surplus of \$5 billion in 1961 as evidence that we are competitive in world markets. Has the press probed this fallacy? I have encountered only one or two instances of such questioning.

The fact is that this surplus is spurious because it includes foreign-aid sales for which we supply the money, Public Law 480 shipments, outright gifts, and exports of subsidized farm products. This would not be learned from the press.

How can such fallacious statements be issued and gain currency? The answer is very simple.

The public has no basis of judgment, because the newspapers in their exercise of freedom of the press have chosen not to disseminate contrary facts and views.

Public opinion is therefore as readily manipulated as in a totalitarian country where there is no freedom of the press. A climate of opinion is thus created that holds elected representatives of the people intimidated and in thrall.

What they may say on the floor may produce a brilliant burst of light, but if the newspapers do not print what they say, the light falls into darkness and does not reach the public. The climate of opinion therefore remains undisturbed and continues favorable to the views of the "establishment."

It is a very simple and very effective but equally indefensible formula if we are to have faith in the American system, and this includes freedom of the press.

Considering the importance attached to this trade bill there has been an incredible and phenomenal lack of analysis of its contents in the press. The public could hardly be expected to reach any conclusion except the one that has been spoon fed to it and reladdled for good measure by editorial comment, in and out of the news columns.

Let us examine the bill and agriculture.

One of the prime considerations urged in support of greater tariff-reducing powers for the President is the danger to our agricultural

exports in the fact of the new agricultural policy of the EEC or Common Market countries. Let us analyze the facts, as the newspaper should have done but ignominiously failed to do.

Much is made, for example, of the importance of the six-country market for various agricultural products of this country. Mr. Leonard Weiss, who is director of the Office of International Trade and Finance of the Department of State in a speech on May 28, 1962, said:

The EEC—

That is the Common Market—

is the largest market for our agricultural exports. In 1961 U.S. agricultural exports to the EEC were \$1.2 billion.

This was a quarter of our total annual farm product exports of nearly \$5 billion. Mr. Weiss spoke by the facts.

He then mentioned cotton, wheat, feed grains, tobacco, poultry, soybeans, tallow and lard, fruits and vegetables, and vegetable oils as among our major exports to that market.

In 1961, he said, we exported \$180 million in wheat and wheat flour to these countries; and this also was true. He neglected to say, however, that it cost the U.S. Treasury about a third of this amount to make these shipments possible. Our subsidy on wheat and wheat flour amounts to some 60 to 65 cents per bushel of wheat.

In other words, it costs the taxpayer upward of \$50 million to enjoy the EEC market for wheat and wheat flour.

We also exported \$238 million in raw cotton to the Common Market countries in 1961. This also cost the Treasury a considerable outlay, not mentioned by Mr. Weiss.

In order to sell our cotton abroad we subsidized exports of raw cotton at the rate of 8½ cents per pound or \$42.50 per bale. The shipments to Europe therefore cost the Treasury upward of \$75 million in 1961. Over a quarter of our raw cotton exports went to the EEC countries in that year.

Where was the righteous newspaper policy that proclaims that it will print the news without fear or favor?

How would passage of H.R. 11970 help to maintain these exports? How could it even avoid their decline? Could it possibly lead to an increase?

Mr. Weiss in his statement noted that this country had experienced a tremendous growth in agricultural production in recent years as a result of improved techniques.

Europe, he said, is "now undergoing a similar experience." He added that Europe may be expected to produce "more grains and other temperate zone products with fewer and fewer farmers," just as we had done.

He further noted that farm production in the EEC countries is "also expanding generally more than consumption so that Europe is becoming increasingly self-sufficient and less dependent on outside sources for its supplies."

This, let me say sincerely, is a very enlightened statement. Europe is about to suffer from farm surplus accumulation just as the United States has suffered for some years.

What then is the European remedy? The EEC countries have adopted a common agricultural policy or CAP. Mr. Weiss described this as "truly a historic achievement," and no doubt it was.

But what did it mean? Did it mean that the Common Market was about to open its door to our farm exports? Is that the policy we ourselves followed when we adopted price supports?

On the contrary, we all but closed some doors. We threw a tight import quota around wheat, wheat flour, raw cotton, dairy products, and peanuts. Had we not done so our price support system would have snapped and broken under the weight of imports.

The EEC countries will move to a basis of uniform prices on farm products and will use a unified system of price support among the six countries to achieve this end.

Now, please note, the CAP (the common agricultural policy) provides "for arrangements to prevent the system from being frustrated by imports."

Evidently our newspapers could not dig very deeply into the mysteries of the Common Market. Otherwise, why have they overlooked facts of this variety? Evidently they contented themselves with echoing the official State Department policy.

The EEC "arrangements to prevent the system from being frustrated by imports" will consist of "a system of variable import levies."

We are one country with one support price level. The EEC countries have different support price levels and will therefore need different levels of import fees in order to fit each country. The lower cost countries will have the higher import fees.

The purpose, in any case, is to protect the price-supported market, precisely as we have done.

Very well; how bountiful a market has this country been for imported wheat, wheat flour, cotton, peanuts, and dairy products? Would our newspapers know anything about this? Or do they disport themselves only with lighter fare?

The fact is that we allow less than one-tenth of 1 percent of the wheat produced in this country to be imported and only about one-fiftieth of 1 percent of the wheat flour.

We hold raw cotton imports to about 2 percent of our production.

We likewise greatly limit the importation of dairy products, particularly butter and cheese. This compares with imports of many industrial products that have taken 10, 20, 30, 40, or 50 percent and more of our market. Are these facts irrelevant and unimportant or do they touch the very heart of the claim that we must reduce our tariff on industrial products in order to sell more farm products to the EEC countries?

This is not said by way of objection to agricultural protection. Rather it is said as a means of throwing light on the European action as well as their likely policy for the future, a chore that the greatest and most enlightened press in the world has signally failed to do.

The EEC countries have arrived where we were nearly 30 years ago. They are about to meet their problem in the same manner with respect to imports of farm products as we met ours. We have not given up our protective devices to prevent imports from upsetting our price-support system. Can we then logically or reasonably expect the EEC countries to forego the protection that they find as necessary as we found in our situation?

The very notion that these countries will make way for our farm exports is ill conceived, unless we expect them to do what we have

steadfastly refused to do, that is, to allow imports to upset our farm price-support programs.

We enacted section 22 of the Agricultural Adjustment Act to make very sure that we reserved the right even under the trade agreements program to ward off imports of farm products that would break down our price supports.

The EEC countries are merely following in our footsteps.

Under these circumstances it is very odd that we should authorize the President to reduce the duty on industrial products and even to go to free trade on a wide range of such products as a means of assuring a market for our farm products in the Common Market.

Yet, this is precisely the justification that is advanced for the greater exposure of our industries to import competition. If we do not do this, it is said, we cannot bargain down the external tariff of the Common Market on our farm products.

In point of fundamental economic policy there is in fact no justification for cutting the duty on industrial products and increasing import competition in these items as a means of helping our agriculture.

Quite aside from sentiment, helping the farmer will not help our employment problem. The number of farmworkers dropped from 9.9 million in 1950 to 7.1 million in 1960, or by 2.8 million, that is, 28 percent. This drop resulted from the vast increase in yield per acre and better technology. Since 1960 the drop has continued. Therefore it would be fatal to look to agriculture to help solve our employment problem.

Above all we must look to industry and its supporting activities to meet this problem. It would be foolhardy then to impair this possibility by throwing a blanket of gloom over the market by increasing imports.

The European countries are now confronted with a similar farm problem and they will hardly liberalize imports under the circumstances any more than we did.

If we insist on the European open door with respect to our farm exports we will in effect demand that they throw away what corresponds to our section 22 protection. This would be a highhanded demand, indeed, and hardly in keeping with any advance toward a concert of nations.

There must, in all good sense, be a different motivating factor for these proposals. Justification of the proposed downstripping of our tariff must be found elsewhere. The bait of higher farm exports or prevention of their shrinkage, cannot bear the light of reason as justification for dismantlement of our tariff on industrial products.

In the thousands of column inches of printers ink that have been spread in the newspapers on the favorable side of the trade bill no commentator or news column has yet come forward with these unpalatable facts.

H.R. 11970 would indeed at the same time as pretending to help them put our farm products in great jeopardy in their own preserve. It would put section 22 itself into a precarious position because in point of time, unless conflict with section 22 were disavowed in the bill, it would supersede that section in any clash that might occur.

Section 212 of H.R. 11970 beyond proposing sharp and even 100-percent reductions of the duty on imports of industrial products also provides for negotiating away all tariff protection on a wide range of farm products in trade agreements with the Common Market countries. Under the operation of the most-favored-nation clause, this would mean duty-free treatment of farm imports from all other non-Communist countries.

In other words, adoption of section 212 would open the way to free trade in farm products as well as many industrial products.

Once more, where was our gimlet-eyed press that it failed to uncover this hidden charge of dynamite?

What are the items covered by section 212? They are not directly mentioned in the bill but are incorporated by reference. They are found in Handbook No. 143 of the Department of Agriculture issued in 1959. The list is a long one. It covers 128 pages. The principal items are:

Meat products—fresh, chilled, or frozen beef, lamb, and so forth—also pork, bacon, ham, sausage, canned beef, and meats; poultry, live, dressed, chilled, or frozen.

Dairy products—milk, cheese, butter, and so forth.

Fruits and preparations—green, ripe, preserved, frozen, and so forth.

Beverages—still wines, beer, ale, vermouth, and so forth.

Vegetables and preparations—green, ripe, dried, preserved, and so forth.

Grains and preparations—flour and meal, cakes, bread, breakfast foods, and so forth.

Nuts and preparations—shelled, unshelled, roasted, blanched, and so forth; wool and other animal hair, unmanufactured; hides and skins, raw; eggs; vegetable oils and fats; seeds; vegetable textile fibers and silk, unmanufactured; and raw cotton.

The only finding that the President must make in order to remove the tariff on these items which, in any case, he could reduce by 50 percent, would be that such action would "tend to maintain" or increase our exports of the same products.

In other words, he could not take off the duties entirely but could still reduce them 50 percent if, in his judgment, taking them off completely would reduce our exports of the particular products involved.

He would not be bound to take into account how much it might increase exports. The farmers under this bill would become dependent on the Executive mercy. He would have the threat of a whip handle over them.

Section 212 thus seems to run counter to the expressed desire to help our agricultural producers. Removal of the tariff on almost any of the included items would vastly increase our imports of such items, since the duty freedom would extend all over the world outside the Communist orbit.

Such a result could be totally disregarded by the President so long as it would not, in his judgment, at the same time reduce our exports of the same items. It need not increase our exports; it need only "tend to maintain" them.

The tariff in general in this bill is to be cut 50 percent, but, in addition to the agricultural products already mentioned, a wide range of

industrial products could also go to a zero tariff level, provided only that the trade in them conducted by the EEC countries and the United States together represented 80 percent or more of the world trade.

Among the items thought to be in the line of this fire would be:

Chemicals, including insecticides, plastics, and resins; pigments and paints; perfumery, soaps, cosmetics; office machinery; industrial and electrical machinery; automobiles, tractors, motorcycles, bicycles; rubber articles, natural and synthetic; glass products; leather manufactures; farm machinery—already on free list; musical instruments; confectionery and sugar; tobacco manufactures; nonalcoholic beverages; coal, coke; railway vehicles; and record-playing equipment.

This, again, is a formidable array of products.

Neither these prospective free-list items nor those in the agricultural field have been publicized by the press, with recondite exceptions. Industry and agriculture have effectively been kept in the dark. We can imagine what the uproar in the press would be if the bill proposed, say, a 25-percent duty on a list of items that are now on the free list. Should newsprint be on such a list the lid would blow off. The double standard of judging news value would quickly expose itself.

The general justification for offering these products is the bargaining power or elbowroom said to be needed by the President. The economic justification on its part is twofold.

One is the holding or increasing of our market for farm products, already mentioned.

The other is the opening of the Common Market to our exports of industrial products, particularly consumer goods, such as washing machines, driers, dishwashers, and similar home appliances, demand for which increases with rising incomes. By opening the market to our exports it is hoped that our capital would not continue to flow to Europe as freely as it has been doing in recent years.

This latter hope is no less a forlorn one than the hope of increasing our farm exports to the Common Market. Already some 1,400 American firms have made manufacturing arrangements in Europe since 1958.

It is therefore not a question of our firms going to Europe. They have already gone. They have merely to expand over there. Their purpose is to become competitive or more competitive. They are aware that the Common Market would have no reason for being if it opened the doors in all directions. The external tariff will be very welcome to these firms. Once inside they will not be anxious to tear away such protection as it offers them.

Should we reduce or remove our tariffs on industrial products as a means of opening up Europe we would expose ourselves to an increasingly sharp competition from Europe and elsewhere, including Japan.

The great technological advancement of Europe and Japan has conferred a growing competitive advantage on their lower wages. Europe itself has recognized this in respect to Japan and many of the European countries have refused to extend their GATT tariff cuts to that country even under strong pressure from this country to do so.

The competitive relation between us and Europe and Japan is not unlike the difference in wage levels between the New England States and our Southern States when the textile industry began to migrate some 40 years ago.

The difference between these regional levels, however, was not nearly as great as it is between us and Japan. The migration, now about 90 percent completed so far as cotton textiles go, has been underway, as already indicated, for 40 years or more. Yet the movement away to the South caused great industrial distress in New England.

The present bill proposes going to free trade or more than halfway there in 5 years instead of 40 years.

Untold industrial distress might be expected. It is in this respect an intemperate and even unconscionable proposal. Willingness cheerfully to accept this risk again raises the question of motivation.

As a backstop, adjustment assistance is to be offered in preference to tariff increases under the escape clause. This had been made abundantly clear in the process of the legislative history of the bill so far.

It is clear that free trade as a doctrine is one of the common denominators. The doctrinaire free trader has a phobia against tariffs, an unreasoning prejudice that permits him to accept other restrictions on trade that are sometimes more stifling than tariff rates so long as a tariff is not used.

Witness the recent international textile agreement with its protectionist restrictions. This was gulped down with obvious lack of distress if not with relish by sundry free-trade elements.

While it is said that the President needs more elbowroom than the 1958 act conferred on him, the fact is that under lesser grants of power the protection afforded by our tariff has been reduced a full 80 percent since the trade program began in 1934. What is the great hurry to go the other 20 percent of the way? The tariff has been cut to the hard core already on thousands of items.

Now, at the very time that greater caution should be exercised in further tariff cuts it is proposed to throw caution to the wind by abolishing the peril-point principle.

At the same time the no-injury principle, which had been made part and parcel of the whole trade program and to which our Presidents from Roosevelt through Eisenhower pointed with assurance and satisfaction, is also to be all but deserted.

The bow in the direction of the no-injury policy in H.R. 11970 is no more than a gesture. There is little intention to use the escape clause as Mr. George Ball, Under Secretary of State, recently made clear in a statement in Europe. It could in any case be invoked only if a whole industry were injured. The definition of industry adopted by Congress in 1955 would be eliminated.

Altogether the direction of our trade agreements is to be changed. Surely not 1 percent of the people in this country know the reason for this change. A close reading of the newspapers of the past 6 months would hardly enlighten the reader. Yet it is a very important change.

To be sure, the rising of the Common Market is mentioned; but no one has yet offered a rational explanation why this prospect calls on us to expose our industries and our agriculture to a yet more withering

form of import competition than they have yet encountered. That we have lost our technological lead is no longer deniable. That mass production in other countries, with its fast-rising productivity per man-hour, will sharpen the wage competition is incontrovertible.

That more of our firms will substitute foreign investments for a part of those that otherwise would be made here, is to be expected; and that scores of our industries that are already confronted with crippling import competition will not expand in this country and hire more people, is beyond dispute. That those industries that see imports looming as a threat will be cautious instead of venturesome and therefore also be slow to expand, is also beyond dispute. Both the industries already afflicted and those expecting affliction will automate and introduce labor-displacing systems and devices in self-protection and this will spell less employment.

We will therefore not absorb our unemployed nor will we employ the more than a million new workers who come on the scene each year if we follow this path.

What then is the moving philosophy behind the trade bill?

The Russian menace, real and substantial as it is, will not counsel stripping ourselves to the quick and laying ourselves open to competitive attacks that will chill and shrink our expansive economy, considering the hothouse climate in which it has proliferated during the past 17 years.

While it is true that we must harden ourselves economically we will be committing our green economic troops, so to speak, to heavy jungle warfare without appropriate weapons, without rigorous discipline and toughening routines to bring us to a par with our competitors; and we will suffer the consequences.

If there are those who seek to do this in any event it could only be those who would hope to be the receivers of the crumbled economic system, nurtured by the idea that they could then reshape the United States into a world order more to their liking.

This might include world economic planning by an international organization in which this country would be submerged. I do not say that there are such people. I simply cannot otherwise explain the logic of this bill.

Mr. Chairman, that concludes my statement.

I would like to offer for the record some excerpts from the AFL-CIO debate on foreign trade relations, December 11, 1962. These are expressions from presidents of national unions whose membership is in industries that are confronted with import competition.

In other words, this represents the opinions of that part of labor, that part of the union organizations, that would take the brunt of import competition and presumably be the ones to get the economic assistance.

Their judgment is against the assistance in the bill. In other words, they prefer to have jobs to being retrained and relocated for jobs that may not exist.

The CHAIRMAN. Without objection the insertion will be made.

(The excerpts referred to follow :)

EXCERPTS FROM AFL-CIO DEBATE ON FOREIGN TRADE RELATIONS, DECEMBER 11, 1962, BIENNIAL CONVENTION AT MIAMI BEACH, FLA.

Mr. E. L. Wheatley, president, International Brotherhood of Operative Potters:

"We are not anti to any foreign nation. We are anti to having the rights of Congress turned over to the State Department.

"You can talk of giving money to help distressed people and train them to come into new industries * * *. We do not think that program will get there in time to do any good in the way of offering relief for our people.

"But you people remember how long it takes the American labor movement to even raise the minimum rate here, and that is too long * * * to assume that the pottery workers and the other thousands and millions of workers who are being deprived of their job opportunities are going to sit and wait on the relief lines while some labor organization in these other nations brings up a decent minimum."

Mr. George Baldanzi, president, United Textile Workers:

"We are not for isolation. We believe in reciprocal trade. But our definition of reciprocity is that we will supply nations with products that they do not have, and we will buy from them products which we need and we do not have.

"We do not interpret reciprocal trade to be a concept under which we will permit low-wage areas or no-wage areas to destroy the economy of entire industries in this country, merely for the purpose of having friends.

"With due respect to President Kennedy, who I firmly believe has a feeling and a grasp of the problems of the world, I do not believe in the principle that we should give to any President the right as an individual to wipe out any kind of tariff or controls as an individual administrative act, because who may be President today may be one type of personality. Who may be President tomorrow or 5 years from now may be a completely different personality.

"When there are corporate interests * * * investing millions of dollars in the Common Market of Europe, that are establishing plants that are more modern than ours today, unless we get some safeguard against wholesale importation into this country, there is no guarantee that 5 years from now these same automated factories that are being built in many parts of the world * * * will not curtail operations in this country and dump all the cheap goods right back here in the United States."

Mr. Enoch Rust, vice president, United Glass & Ceramic Workers:

"Well, I went to Washington and I didn't have to stay long until I found that we did not have a trade program based on the law as written, the reciprocal trade program of 1934 and amended several times thereafter.

"Why are we excited? There was enough window glass imported in 1959 and 1960 to furnish over 4 million six-room dwellings. * * * In that period of time (1959 and 1960) over a million automobiles were imported into this country carrying 30 million square feet of glass and carrying 5 million rubber tires replacing thousands of rubber workers, thousands of glassworkers, thousands of textile workers, and thousands of automobile workers.

"We were told by Khrushchev that he was going to bury us economically. What did we do to help him do it? We gave him a spade to dig the hole with and to throw the dirt in our face."

Mr. George Burdon, president, United Rubber, Cork, Linoleum & Plastic Workers:

"In the rubber industry we are experiencing a serious challenge from the growing imports of rubber footwear. * * * Imports totaled 50 million pairs in 1959 and doubled to 100 million pairs in 1960.

"We have an average of \$2.50 an hour versus an average in some other countries of 23 cents an hour. We cannot compete with that kind of competition."

Mrs. George Fecteau, president, United Shoe Workers of America :

"In 1949 we imported 3 million pairs of shoes. * * * We exported 6 million pairs.

"Last year, 1960, we imported 30 million pairs * * * and our exports had dropped to 3 million pairs to all countries, so that the balance we have been speaking about certainly is not in favor of the shoe industry.

"Many of our companies in the shoe industry—the large companies, those who can afford to move—have moved to Japan. They have moved to Italy. They have moved to other foreign countries. Many of them have closed shoe factories here in the United States. * * * These companies are moving for profit reasons.

* * * * *
 "We have estimated that unless some protection * * * comes about * * * the shoe industry here will become extinct as the dodo bird within 8 years.

* * * * *
 "It is suggested that the people employed in those industries can go to other industries. As one who has been in the field and has seen factory after factory close down, and has seen the efforts of our union and these workers to place themselves in industry, I know that such talk is a lot of damned foolishness. It is not practical or just."

Mr. William Pollock, president, Textile Workers of America :

"Since 1934 we have been for reciprocal trade; but we feel as an industry and as representatives of the workers in that industry that we should not be offered up as a sacrifice on the altar of international trade.

"You know, it is all very well to be for international trade, but we represent workers * * * and they are told that in the interest of international trade we must accept the imports from other nations, and 'To protect you we will retrain you and prepare you to go into some other industry.' Well, I think this is fine, it is as it should be.

"But when you get an individual that has spent 20 or 30 years learning a skill * * * only to find his job shipped to some other nation and he is to be trained to go, maybe the electronics industry, where they are barely paying a minimum wage, it is pretty hard to convince him that this is a sacrifice he must make in the interest of world peace.

* * * * *
 "I know that in 1962 when we have to elect a full Congress, if the representatives of our unions go to a Congressman in that congressional district and find that he is going to vote for a liberal trade program that will export their job to Europe, that he cannot count on their votes to send him back to Washington."

Mr. George Meany, president, AFL-CIO :

"If you read this resolution carefully, you will see that we are setting forth stipulations that we feel should go in this legislation.

* * * * *
 "We call for retention of the escape clause provision in the new legislation, and then I would like to point to section 4 of the proposed resolution, that 'The new legislation should direct the President to take whatever action is necessary to mitigate problems of market disruption.'

"To all these organizations, I can say to you that when the legislation comes up * * * that our legislative department, our research department, our economists, and everybody concerned will cooperate with these organizations and try to get in the legislative safeguard to protect them to the maximum extent that is possible.

"But we cannot * * * depart from the idea of a reciprocal trade pact with the other nations of the world."

Mr. George Harrison, chairman of the resolutions committee :

"This resolution goes further than any other trade policy resolution adopted by this federation, in the direction of protecting our industries against undue hardship because of reciprocal trade agreements.

* * * * *
 "If you will look at paragraph 6 you will find that it says 'In all phases of tariff and trade policy, the U.S. Government should seek to safeguard the absolute historic levels of production of significant industries.'"

"Now that means only one thing. Certainly imports shall not be permitted to the point where it causes serious injury to any of our historic industries."
 (The resolution was carried.)

Mr. STRACKBEIN. Then I have an analysis here of the trend of employment in our industries and also in agriculture in the last 10 years, and it shows the residual unemployment that has occurred during this period of time.

I would like to have that placed in the record inasmuch as it substantiates many of the statements that I made orally.

The CHAIRMAN. Without objection the insertion will be made.

(The analysis referred to follows:)

STATEMENT OF O. R. STRACKBEIN, CHAIRMAN, THE NATIONWIDE COMMITTEE ON IMPORT-EXPORT POLICY BEFORE THE BOGGS SUBCOMMITTEE OF THE JOINT ECONOMIC COMMITTEE, DECEMBER 11, 1961

The slow growth of the American economy in recent years has attracted widespread attention not only here but in other countries. Latterly we have been far outdistanced in terms of "growth" by Japan and Russia, no less than by a number of the European industrial nations, notably the Republic of Germany, Italy, and France.

This lag registered by the United States would be of little moment, and could be dismissed as no more than evidence of the fact that our own assistance to foreign countries permitted these to leap over nearly a generation of research and development and therefore make rapid advances, were it not for the growing residual unemployment that confronts this country even after its recovery from a series of recessions. It has been noted that since the recession of 1948-49 we have been left at the peak of successive recoveries with a larger hard core of people out of work than before.

Some have called this structural as distinguished from cyclical unemployment and have attributed it to changes in consumer taste, shifts of demand, and in some degree to automation and other labor-saving devices.

It is time to examine this American lag with the idea of establishing its genesis and its implications more definitively.

First, we should examine two terms that are often confused. One is "productivity" and the other is "growth."

Sometimes rising productivity is treated as synonymous with growth. Other times growth is equated with an increase in the gross national product, or GNP.

What is often overlooked is the status of employment and its relation to growth and rising productivity.

It should be made clear at the outset that rising productivity may or may not result in either an expanded output or increasing employment. It may indeed, under some circumstances, lead to a reduction in output, although that may be rare, or to a reduction or a standstill in employment; and that is not rare.

It should also be made clear that rising productivity and growth need not go hand in hand. Growth may be achieved without an increase in productivity by the simple process of hiring additional workers and, if necessary, building new facilities or plants. Generally this presupposes a growing population and a rising demand.

Increased productivity is indeed "supposed to" lead to growth and expansion, and will usually have this effect unless some counteracting force is at work. Yet, increased consumption per capita will not necessarily result from improved productivity. The demand for some goods is simply so inelastic that consumption will not respond to cost reduction. Examples are sugar, flour, and potatoes. Consumption of sugar per capita remains remarkably stable over a period of years. Our consumption of flour has declined quite appreciably even during the past 10 years, and more so in the past generation. The consumption of potatoes per capita has also declined, but not so sharply.

This is simply to say that there are very important exceptions to the theory that rising productivity per man-hour of work necessarily leads to greater consumption per capita. Such a result is to be expected only if costs and prices are reduced and then only if demand is elastic; i.e., responds to a reduction in price, actual or relative, and if some other factor does not stand in the way.

The fact is, of course, that the American system of mass production was indeed based on the theory that higher productivity, by reducing costs and prices,

would lead to higher-demand. Certainly the Ford Motor Co. demonstrated the pragmatic soundness of the theory and the idea spread to other industries where it also succeeded; but American consumption of flour nevertheless declined from 214 pounds per capital in 1910 to 135 pounds in 1950 and on down to 118 pounds in 1960. This occurred despite the improved technology of flour milling. The change represented by the decline was structural and prices and costs probably had nothing to do with the trend. The study of dietetics no doubt had a hand; but the greater influence probably lay in the more sedentary life to which the populace gravitated and the belief, false or not, that pervaded the feminine sector of the population, that farinaceous food and girth somehow went hand in hand.

Despite the exceptions, the theory that rising productivity would lead to growth through lesser costs, had sufficient validity to support our mass production system, and may therefore be regarded as well founded. Yet it does not work under all circumstances, and these may be important. This is to say, its operation may be impeded or halted by factors in addition to mere inelasticity of demand. In order to clarify this it will help first to distinguish in concrete terms between rising productivity and growth. This can best be done by an example, drawn from hypothetical assumptions covering the decade of 1950-60.

Assume then that in 1950 a thousand employees produced 5,000 units of output per hour, per day, or some other period of time that these 5,000 units supplied the total demand. Assume further that by 1960 the productivity of the workers, because of the introduction of labor-saving devices or machinery, had risen 20 percent, so that 800 workers could now turn out the 5,000 units that in 1950 required 1,000 workers. This result, standing by itself, would indicate the reduction of employment by 200 workers.

This result would, however, not necessarily stand by itself. Our population, for example, expanded 18.4 percent from 1950-60. Assuming the same per capita consumption in 1960 as in 1950, and assuming no other source of supply, the demand at the end of the decade would have risen from 5,000 to 5,920 units; and it would require 947 workers to produce this expanded output. This would still be 53 workers short of the 1,000 that were employed in 1950. The reason: The rise in productivity (20 percent) was greater than the increase in population (18.4 percent). Had the two increases been exactly equal there would have been neither a loss nor a gain in employment; but there would have been absolute growth, i.e., expanded production.

This growth would have been attributable exclusively to population expansion and while it would have produced no unemployment it would not have absorbed any of the unemployed.

If growth is defined simply as an increase in output it must be clear that growth may go hand in hand with unemployment. Likewise, rising productivity may be accompanied by unemployment. All depends upon the percentage of growth. If, in the above example, productivity had increased only 10 percent during the decade but demand had remained constant, instead of 947 workers being required to produce the 5,920 units, this output would have required 1,064 workers. Since population expanded more rapidly than productivity rose, more than the original 1,000 workers would be needed to meet the demand. How many more? The answer is 64 (if the arithmetic is correct).

Whenever the rise in productivity, i.e., the output per man-hour, outpaces the population expansion, net unemployment will result unless per capita consumption increases, whether in response to price reduction (i.e., elastic demand), advertising, or whatnot.

For example, pursuing the above example, if productivity had risen 30 percent during the decade rather than 10 or 20 percent, it is clear (1) that it would have outpaced population growth (i.e., the 18.4 percent); and (2) that it would have led to a layoff of 300 workers unless (a) the productivity increase had resulted in lower prices, (b) the lower prices in turn, or some other factor, had resulted in a rise in per capita demand, and (c) unless the population had grown.

With the 18.4-percent increase in population there would still have been a net reduction in employment, i.e., to the extent the 30-percent productivity increase exceeded the 18.4-percent population rise, unless some or all of the other provisos with respect to rising per capita consumption, had been met. My calculations indicate that with a 30-percent rise in productivity only 829 workers

would be required to produce the 5,920 units of production called for by the population increase. This means that unemployment would have risen to 171 workers.

If during this period the 30-percent increase in productivity had led to a price decline and this in turn had led to a 10-percent increase in per capita demand because of lower prices or if some other influence such as advertising had produced this effect, 930 workers would have been required to produce the 5,000 units plus 18.4 percent (population growth) plus the 10-percent increase in per capita consumption. This would still have left a lag of 70 workers below the 1950 level of 1,000 workers.

A further assumption will demonstrate how an improvement in productivity will behave in relation to population growth and employment. If, instead of increasing per capita consumption 10 percent, as assumed just now, the increase of 30 percent in productivity had led to a 12.6-percent increase in per capita consumption during the decade, employment in 1960 would have risen to or remained at the 1950 level of 1,000 (assuming the mathematics are correct). Thus, without any increase in employment, growth in terms of output would have been registered. The number of units produced would have risen from 5,000 to 6,500; but employment would have stood still at 1,000, because population growth would have equated exactly the shrinking effect of the productivity increase. It would have been worse but for the per capita demand increase. Having employment brought back to 1,000 after a layoff of 300 would not have helped so far as the absorptive power of this particular production operation was concerned. It would still have lagged 184 behind the population growth.

In some instances per capita consumption in a decade will, of course, be found to rise at a rate that far outstrips the population increase. Civil aircraft shipments, for example, rose from 3,520 aircraft in 1950 to 8,181 in 1960. However, this increase may bear little or no relation to any increase in the productivity of the manufacturers. Principally it denotes a change in mode of transportation. It is to be noted nevertheless that employment in the manufacture of aircraft and parts also rose, going from 282,000 in 1950 to 653,000 in 1960. Oddly enough the rate of increase in number of aircraft and number of workers was almost identical. The number of aircraft produced rose 132 percent during the decade, compared with 131 percent increase in employment. However, total airframe weight rose 175 percent, indicating a move toward somewhat heavier aircraft.

The increase in output, which would ordinarily be called growth in this instance was the result of a structural change in demand, since railroad transportation suffered a contraction. The growth in output in number of aircraft, however, was accompanied by an equal growth in employment. Increased productivity was then confined to producing larger aircraft with the same number of workers. Whereas the number of workers rose 131 percent, airframe weight rose 175 percent. This would indicate a productivity increase of 25.1 percent in terms of airframe weight in 10 years. Total horsepower of the heavier craft also increased, going from 134 aircraft rated at 400 horsepower, and over, to 1,317 of the same class. Here was about a tenfold increase and this indicates where the increase in productivity lay.

In this example all factors were favorable. Exports, in particular, were at a maximum in 1960 and represented 28 percent of production by quantity but 43 percent by value, accounted for by increased shipments of jet aircraft (three times as high in value in 1960 as in 1959 but probably nonrecurrent). Air travel has gained broad public acceptance. Speeds have been increased and safety improved. These are factors that were productive of growth quite independently of the usual economic factors of growth such as improved productivity in terms of man-hours of work. The cost of air travel did not decline.

Another industry that has grown in number of employees is that of electrical communications equipment. Unfortunately no statistics on productivity trends are available because of the great variety of products. Employment rose from 351,000 in 1950 to 674,000 in 1960. This was an increase of 90 percent, somewhat lower than in the case of aircraft. Whereas employment in the aircraft industry rose by 371,000 in the decade and outran the population increase of 18.4 percent by 319,112 workers, the increase in the number of employees in electrical communications from a larger base was only 323,000. This was still far above the population increase and absorbed 258,416 workers beyond that called for by population expansion.

Here, we may again be sure that the growth was not the result of increased productivity but rather of technological development. A new cluster of products, television and electronics, etc., came on the scene. The growth was not the same as would come from an increase in the per capita consumption of beef, for example. It was a question of a virgin market for a new type of product. The price, of course, had to be within the reach of the consumers in order to establish a mass market, and that called for a high order of productivity.

There were other industries that added more to employment than the population growth called for during the 1950-60 decade. Machinery, except electrical, was one of these. Employment grew from 1,354,000 in 1950 to 1,637,000 in 1960. This was an increase of 283,000 but overran the population growth by only 33,864. This group included office and store machines, agricultural machinery and tractors, machine tools, etc., and was closely related to mechanization of agriculture, office work, and even industry.

It would be fair to say that this industry grew in response to a demand for mechanization and automation rather than generating original demand. Also, while it added to employment within its own field it may, in some cases, have resulted in displacement of workers elsewhere as on the farm. Nevertheless it could be credited with a plus sign in those instances in which the installations led to lower costs of output and where this in turn led to employment increases beyond population growth.

The manufacture of chemicals and allied products also stayed ahead of population increase in number of workers added. This lead was 67,510 employees. This industry includes many new products, such as plastics, synthetic textiles, and biologicals.

These growth industries plus a very few others contributed 1,170,000 workers over and above the 18.4 percent called for by population growth.

Unfortunately this was not sufficient to offset the lags that developed elsewhere during the decade.

The principal lag occurred in agricultural employment. The decline was precipitate, going from 9,926,000 in 1950 to 7,118,000 in 1960. This was an actual drop of 2,808,000 representing a lag behind population expansion of 4,634,000. This slideaway of itself more than buried the additional employees added by growth industries.

In the agricultural field mechanization, the use of fertilizer, pesticides, and improvement of crop varieties, such as hybrid corn, led to a phenomenal increase in productivity, i.e., yield per acre. As already indicated, such vast increase in productivity does not necessarily lead to increased consumption per capita. In some cases prices were supported by the Government so that the lowered cost of production (relatively speaking) was not passed on to the consumer. However, it is highly doubtful that lower prices would have increased the consumption of wheat, potatoes, sugar, fish, etc., in any case. In a land where no one or a very few go hungry, the consumption of food is limited by total stomach capacity, variety of food, and specific appetite. If the price is within reason consumption will not respond to price declines. Therefore increased productivity that exceeds population expansion will result in surplus production.

Mechanization and other means of increasing the yield per acre, far from adding to employment, will decimate it. That is what happened in American agriculture. We achieved both surplus production and unemployment as the fruits of a fast rising productivity. This was because of generally inelastic demand for agricultural products.

It seems safe to say that mechanization, automation, and other increases in productivity will in all cases, and not only in agriculture, not lead to increasing employment if the demand for the product is inelastic and if the market is already saturated. The people of the United States, for example, have only so many feet. While the rural children still went barefooted during the summer months the possibility of increasing the use of footwear still existed. This could be done by advertising or other forms of propaganda.

Today the market is more nearly saturated. The only hope of expansion would therefore lie in more shoes per person, a greater variety of shoes, frequent re-styling in order to substitute new shoes for those not yet worn out, or, as an alternative, less durable shoes. All advertising, merchandising, etc., must then be satisfied with sharing the market, avoiding losses to competitors, keeping up with the growth in population, or ultimately, exportation. This is a separate question.

When an industry has reached the point of saturation with respect to supply in relation to demand, it must be obvious that the installation of labor-saving devices can only lead to unemployment or a more or less stationary employment level if the increase in productivity about equals population growth.

Many such industries exist. Salt, men's hats, cigars, flour milling, pork production, shoes, certain industrial chemicals, most of the staples, in fact. There are scores of such products.

Exceptions may always be found in new products. Sometimes, however, the new products only displace preexisting ones and the changeover may but does not necessarily result in a loss of employment. For example, employment in interstate railroads dropped from 1,391,000 in 1950 to 894,000 in 1960. This was a loss of 497,000; and still greater if population growth is taken into account. "Other transportation and services" grew from 610,000 to only 690,000.

All transportation, including trucking, buslines and warehousing, declined in employment from 2,765,000 to 2,558,000, representing a net loss of 207,000. This represented a lag of 715,760 behind population growth.

The airplane, while representing a great forward move in transportation, has not increased employment in transportation. It was not expected to do so. In fact, industrial progress is usually measured by the extent to which fewer workers will be needed. If labor displacement were not accomplished, only minor economies could be realized. Also, unless workers were released from employment in one field no new fields could be opened. We gain variety of production by the release of workers from one field to another.

In some instances a wholly new product is developed, such as the motion picture or radio, and gives employment where there was little or none before. What is the potential of such employment? This will depend on many factors. However, if there is popular acceptance, and if the price can be brought within the reach of the popular pocketbook, the growth will be limited only by the number of people who are potential consumers. Whether this potential will be exploited will then depend upon the enterprise of those who develop the product. Under the competition system, it may be guessed that in most instances the product will be pushed to the saturation point in a period of years.

Even if the demand for the product is inelastic, growth can always be experienced until the saturation point is reached. However, once this stage is reached the industry becomes stabilized and may itself become the victim of replacement; but if it does not, its employment potentials will be strictly limited. Likely as not it will not keep pace with population growth.

New products do appear from time to time but their arrival cannot be scheduled. The U.S. Patent Office is open every working day of the week; but fertile inventors are few.

Many products that are already on the market have perhaps not "mined" the total potential consumer demand. Efforts to do so usually call for a resort to sales promotion including advertising, distribution of samples, and much else. If 10 percent of the population consumes the product, why not extend this to 20 or 30 percent. Cigarette makers have had a resounding success in this respect. The number of cigarettes smoked per capita by all persons of 15 years or older increased from 3.84 pounds in 1930 to 5.16 pounds in 1940, on to 9.37 pounds in 1950 and then only to 9.61 pounds in 1960. The number of wage earners employed in 1939 by cigarette manufacturers was 27,426. In 1950, when per capita consumption had virtually doubled compared with 1939, the employment was only 29,000. New machinery had greatly speeded the output.

The increase in cigarette consumption was not attributable to a reduction in the price. Advertising and the pleasant sensation of smoking, together with the habit factor, were in the forefront. Of course, high productivity made the product available to the mass market.

By 1960 when per capita consumption had increased from 9.37 pounds to only 9.61 pounds, on the other hand, employment had risen to 38,000. This was an increase of 9,000 in 10 years. The per capita consumption had increased only 0.25 percent thus justifying the addition of only about 75 employees. Population growth would have justified addition of another 4,336. The actual increase by 9,000 or about 4,600 more than the population expansion called for was probably attributable to the increase in the manufacture of filter cigarettes, a process

requiring more work per cigarette. Market saturation seems near at hand.

Cigar consumption had a different career. Per capita consumption declined from 1.67 pounds in 1930 to 1.36 pounds in 1940, to 1.18 pounds in 1950 and to 1.03 pounds in 1960. Employment declined from 50,897 in 1929 to 41,000 in 1950 and on to 26,000 in 1960. Nevertheless, despite the decline in per capita consumption, the actual number of cigars produced increased from 5,197,000 in 1939 to 5,468,000 in 1950 and up to 6,917,000 in 1960.

Cigar manufacturing shifted almost completely to machine-made cigars. In 1960 it required half as many workers to produce about 40 percent more cigars. According to the population increase since 1939 employment should have risen approximately 18,000. Instead it declined more than that many. What happened to the comfortable economic theory that higher productivity will lead to lower prices and that lower prices will lead to increasing per capita consumption and that this in turn will lead to rising employment?

If per capita consumption does not rise in response to mechanization or automation either because prices are not lowered or because the demand is inelastic or because the market is saturated or for some other reason, such as import competition, and if the increase in productivity is greater than population increase, net manufacturing unemployment will result unless exports have increased sufficiently to offset the domestic employment contraction. In order to do this exports would ordinarily have to increase sharply because they usually represent only a small part of total production. If, for example, exports are even 10 percent of total output, they would have to double in order to exert a 1-percent effect on employment.

The automotive industry in 1940 employed 634,000 workers. This number rose to 825,000 in 1950 but declined to 781,000 in 1960. Population increase since 1940 has been 35.9 percent, i.e., to 1960. To keep pace with this—not to absorb any unemployed from other sources—the industry should have employed 861,000 by 1960. It fell short by 36,000. Thus while once the automotive industry was one of the leading growth industries it has ceased being so. It cannot be looked to as a source of employment absorption. Rather it is dropping workers despite its past export position.

In 1940 the 634,000 employees produced 4,472,000 automobiles, trucks, and buses. In 1950 workers numbering 825,000 produced 8,003,000, automobiles, trucks, and buses. In 1960, the number of workers was 781,000 and they produced 7,869,000 units.

In 1940 the output per worker was almost exactly seven units. In 1950 it was just short of 10 units (825,000 workers produced 8,003,000 units). In 1960 it was very slightly over 10 (781,000 workers produced 7,869,000 units).

Meanwhile exports of automobiles, trucks, and buses have declined from 252,531 in 1939 to 145,000 in 1960, while imports rose from 21,000 in 1950 to 444,000 in 1960.

Employment in automobile repair shops has risen from 153,576 in 1948 to 255,891 in 1960, showing a net increase of 102,000. This was an increase of 68 percent while the total number of registration of cars, trucks, and buses rose from 40.5 million in 1948 to 73.8 in 1960, an increase of 83 percent. This would indicate an increase in productivity in the repair facilities.

Gasoline service stations employed 246,600 in 1939, going up to 285,954 in 1948 and on up to 465,550 in 1960. This is an example of the expansion in the service trades; and represents the indirect growth and employment that may be provided by rising productivity.

The side effects of increasing mechanization or automation may thus offset some of the job-shrinking effects of displacing workers. Unfortunately during the 1950-60 decade these indirect benefits failed to overcome the total lag produced by worker displacement.

If it were possible to produce all the goods used in the United States in 1 day, all the remainder of employment must concern itself with distribution (transportation, selling, advertising, wholesale and retail trade), finance, insurance, law, medicine, real estate, entertainment, haircutting, education, military service, etc.

We have been moving in that direction. Some of the shrinkage in employment suffered by various industries from 1950-60 are shown in the table below:

	1950 employment	1960 employment	Worker shrinkage
Metal mining.....	97,000	92,000	5,000
Anthracite.....	75,000	13,000	62,000
Bituminous coal.....	368,000	159,000	258,000
Dairy products.....	125,000	95,000	30,000
Grain-mill products.....	116,000	110,000	6,000
Sugar.....	36,000	30,000	6,000
Confectionery and related products.....	92,000	73,000	19,000
Beverages.....	214,000	210,000	4,000
Miscellaneous food products.....	142,000	135,000	7,000
Tobacco manufactures.....	103,000	88,000	15,000
Textile mill products.....	1,292,000	946,000	346,000
Men's and boys' suits and coats.....	143,000	114,000	29,000
Women's outerwear.....	369,000	337,000	32,000
Millinery.....	23,000	18,000	5,000
Lumber and wood products.....	805,000	644,000	161,000
Petroleum refining.....	185,000	182,000	3,000
Tires and inner tubes.....	107,000	103,000	4,000
Rubber footwear.....	24,000	22,000	2,000
Leather and leather products.....	392,000	365,000	27,000
Pottery and related products.....	60,000	48,000	12,000
Structural clay products.....	78,000	73,000	5,000
Blast furnaces, rolling mills, steelworks.....	611,000	569,000	42,000
Iron and steel foundries.....	224,000	222,000	2,000
Nonferrous foundries.....	77,000	62,000	15,000
Cutlery, hand tools, and hardware.....	158,000	133,000	25,000
Heating apparatus and plumbers' supplies.....	138,000	114,000	24,000
Railroad equipment.....	60,000	57,000	3,000
Watches and clocks.....	33,000	28,000	5,000
Jewelry, silverware, plated ware.....	57,000	46,000	11,000
Costume jewelry, buttons, notions.....	64,000	60,000	4,000
Total.....	6,268,000	5,148,000	1,169,000

These 30 industries that in 1950 employed over 6 million workers, registered a shrinkage of 1,169,000 employees in 10 years' time. Had they kept in pace with population increase they would have added 1,153,000. Therefore the total lag was 2,322,000.

It is unfortunately not possible to trace the quantitative output of all these industries, to determine the trend of their productivity. This can, however, be done in a few cases:

[In millions]

	1950 production	1960 production	Percent increase
Footwear, except slippers (pairs).....	464.0	527.0	14
Cigarettes.....	391,000.0	506,000.0	29
Men's and boys' suits and coats.....	27.1	¹ 25.2	-7
Sugar (tons).....	8.3	9.3	12
Tires, passenger cars.....	78.6	105.3	34

¹ 1959.

Leather footwear dropped 8,000 in employment during the decade while output increased some 14 percent. This indicates an appreciable rise in productivity. Men's and boys' suits lost 29,000 workers or 20 percent while production dropped only 7 percent, thus also indicating a net rise in productivity amounting to some 12 percent. Sugar produced 12 percent more while employment declined 16 percent. In the case of automobile tires, employment dropped between 3 and 4 percent while output rose 34 percent.

Bituminous coal production per man-hour increased from an index of 114.5 in 1950 to one of 212.5 in 1960 while employment declined from 368,000 to 159,000, a drop of 209,000. In terms of total production a decline of 104 million tons was registered, i.e., from 516 million tons in 1950 to 412 million tons in 1960. The 1960 exports were 37.2 million tons, or less than 10 percent of production; 43 percent of the workers in 1960 produced 80 percent as much coal as 100 percent of the workers produced in 1950.

Did this sharp rise in productivity lead to increasing consumption? Obviously it did not. Natural gas, residual fuel oil, diesel oil, etc., prevented it.

What is the worth of a theory that finds itself blocked at every turn? It is like the man who was not there when he was needed.

Our industrial landscape is full of examples where one influence or another has prevented the theory from proving itself in operation.

Oh, it will be said, the expansion of the service trades, professions, etc., will take up the slack; but they failed to do so during the 1950-60 decade; and the 1950-60 decade was relatively favorable to our industries so far as foreign competition was concerned. We face a more formidable future. It is true that the service trades, etc., added greatly to their payrolls, and increased the number employed from 19.8 million in 1950 to 26.4 million in 1960 or a total of 6.6 million, State and local government accounting for nearly a third of this increase.

Yet, this vast bulge in the nonproductional employment failed to overcome the slack caused by the agricultural, industrial, mining, and transportation lag in employment in relation to population growth.

The deficiency, leaving out the growth in the military service, was 3.64 million. This represents the hard core of "structural" unemployment that (1) continues to rise and (2) that does not yield to cyclical prosperity.

What was it then that prevented the rising productivity from begetting the employment that it was supposed to generate?

Was it altogether attributable to inelasticity of demand in a number of the industries in which much of the rising productivity took place, particularly agricultural and staple commodities? No doubt this had much to do with it.

However, not all the employment lag appeared in cases of that kind.

Many of our industries have been confronted by rising and ominous import competition. This has confronted them with decisions with respect to plant renewal and plant expansion or the building of new plants that involved crucial questions of market trends, the possibility of selling a larger output if it were produced, the maintenance of reasonable profit margins in the face of relentless price pressures, etc.

The rising trend of imports left little question in many instances of the folly of greater outlays for expanded production. The more practical step when thus confronted would be to reduce costs by introducing labor-saving devices or by pushing automation. In this way the competition might at least be partially stood off. Unfortunately this meant fewer workers, not more, to be employed. Of course, the machinery and equipment manufacturing industry would benefit; but not nearly as much as it would have if a happy market outlook had loomed before the prospective expanders of production.

It is said that these rising imports gave rise to an equal volume of exports. Our exports did expand but some 25 percent of the present volume of exports depends upon governmental subsidies, foreign aid "demand," sales for foreign currencies and similar noncommercial considerations.

At the same time many of our great exporting industries have seen exports decline while the country moved into a net import position with respect to their products: Steel, petroleum, typewriters, sewing machines, textiles, cameras, boots and shoes and, above all, the product of one of our greatest exponents of, and pioneers in, automation, namely, the automobile industry.

The effort to hold export markets also exerts great pressure to introduce greater mechanization and automation.

Very well, but have we not seen that rising productivity creates jobs as well as destroying them? The answer is beyond question, "Yes, but—"

When imports that have the advantage of modern technology, newly achieved in many instances, carry the further advantage of low wages that, combined with the higher productivity, make for lower unit costs; when imports thus freighted with competitive advantage over our industries, invade our market, they readily take away the rising demand created by an increase in our own productivity. If the demand for this product is inelastic we are driven back in a volume equal to the rising imports. If the demand is elastic we stand still in terms of employment, or nearly so, while imports skim off the cream. In either case our employment suffers.

If the product is a new one, of the kind to which we look for extra employment-absorbing capacity, it takes a very short time today for other countries to develop it and enter our market. Such demand-creation as our industries have performed through advertising, sales promotion, etc., is then shared gratul-

tously with our foreign competitors. The electronic industry is a good example.

It is not always left to foreign producers to bestir themselves. Some of our own patentholders will readily license them, and in some instances establish manufacturing facilities abroad. The number that have already done so easily runs into the hundreds.

The diffusion abroad of our technological achievements was one of the principal postwar economic developments. To help put the efforts into gear we guided thousands of productivity teams through our factories, teaching them production-line techniques, etc.

Other countries have indeed been impressed with our system and have "bought" it. Witness the EEC (Common Market), the EFTA, etc. They have eagerly bought one side of the equation: Rising productivity; but not the other, namely, high wages.

Now we are told that we must make accommodations with the Common Market by lowering our tariffs yet more. This is an upsidedown judgment indeed. We have reduced the protective effect of our tariff 80 percent in the past 27 years. This was presumably done in exchange for similar reductions abroad.

Europe was long advertised as being a "low tariff" area to begin with. Now, after 27 years of sharp "Yankee bargaining," after the smoke lifts and the dust settles, we are apparently confronted with a "high" external tariff in order to export into the Common Market.

Either this is a purposely exaggerated aberration or, if indeed we are so confronted, our Yankee "reciprocal" bargaining was a colossal and shameful failure. Apparently, according to this view, we irresponsibly shot away our bargaining ammunition in the successive tariff conferences that were supposed to reduce world trade barriers and now find that the barriers are still there. This then was a monumental betrayal of the trust placed by this country in the State Department delegations that journeyed so frequently to Europe.

To be sure, there were barriers other than tariffs, to be lowered; but if so they grew up under our eyes and with our advice and consent.

Now American industry is to be used once more in order to accomplish that for which it has previously been placed in jeopardy. We made provision in GATT (the General Agreement on Tariff and Trade) for new barriers against us in the form of import quotas, exchange controls, etc., to be used by other countries in order to get GATT signed.

Now we are to buy these favors back again. This adds up to such a feast of duplicity or depth of stupidity that it should be rebuked and sharply censured rather than condoned and even used as a preface for more of the same.

As a sop to our industry and those driven out of work by newly stimulated imports, it is now suggested that we tap the Treasury and the taxpayer to relocate those of our industries that cannot compete with low-wage imports, upset the families and household of the workers, retrain the workers in new skills, etc. This is to award to imports the right of eminent domain in this country, and would be much the same as sending out bulldozers to push our industries out of the way if they cannot compete. Compete with what? With 25-cent-an-hour labor in the Far East, 50-, 60-, and 80-cent labor in Europe, using the same machinery in a growing number of cases as we?

What bright academic economist will condemn the coal industry as inefficient when it has improved its productivity nearly 100 percent in the past decade and has the highest output per man-hour in the world by far? Yet it is in jeopardy from imports of residual fuel oil.

Who will condemn American agriculture for its phenomenal increase in productivity in the postwar years and in the past decade even though in so doing it created burdensome surpluses and priced itself on a broad front out of foreign markets—to the extent that 60 percent of our exports of farm products in fiscal year 1960-61 were moved only with governmental assistance?

Shall we say that the benefits of rising productivity have been exaggerated or shall we see to it that we learn more about the effects of mechanization, automation, etc., and so learn how to reap their benefits while avoiding their pitfalls?

Shall we allow a romantic attachment to the vision of free trade divert our eyes from reality and blind us to the serious obstacles to higher employment that reside in an unregulated form of competition that comes to us from beyond the reach of our minimum-wage and maximum-hour laws, from beyond the reach of our laws against sordid working conditions and exploitation of labor?

The tariff and import quotas are the only substitutes for such laws within our reach.

In the absence of such defenses many of our stable and efficient industries are to be driven into the dismal swamps of public abandonment under the demonstrably false and unfair doctrine that a domestic industry that cannot compete with imports is ipso facto inefficient. This is an abomination the American people should not be asked to swallow.

The CHAIRMAN. Thank you very much, Mr. Strackbein.

Any questions.

Senator CURTIS. Mr. Chairman.

The CHAIRMAN. Senator Curtis.

Senator CURTIS. Mr. Strackbein, do you feel enactment of this bill will make a significant contribution to full employment in this country?

Mr. STRACKBEIN. I think it will have the opposite effect, Senator.

Senator CURTIS. Why do you think it will have the opposite effect?

Mr. STRACKBEIN. I think it would have the opposite effect for this reason: Industries that are confronted with import competition will not expand, will not give us the growth that we otherwise would have. If you increase this competition, and expose more and more industries in the country the growth that we need in order to employ more people will simply not take place.

Too many firms instead of expanding here will go overseas and expand there in order to be more competitive.

Senator CURTIS. Now, the very psychological attitude, or the atmosphere created when the Congress says, "We are enacting a program that is going to hurt people," and they will offer Government loans to managements and they will put the workers on relief, what, in your opinion, what is going to be the effect of that?

Mr. STRACKBEIN. The proposal to retrain and relocate workers and give technical and other assistance to firms that are injured by import competition denotes to me abandonment of the no-injury policy which was the very heart of the trade agreements policy since 1934. This is an admission that the import competition, the rising import competition, will hurt our industries, but that it is the responsibility of the Government to come to the assistance of those who are injured.

Now this, I say, is an abandonment of the no-injury policy which was enunciated by President Roosevelt, President Truman, President Eisenhower, and by every Secretary of State during that period before, when they spoke before, and appeared as witnesses before, the House Ways and Means Committee and the Senate Finance Committee.

Senator CURTIS. It is a fair statement that in the past when request has been made for this legislation as bargaining power they say: "Here we want power to bargain but we won't hurt anybody."

Then the peril point procedure was thereafter devised and we also have the escape clause.

Now, we are faced with a new request: "We want bargaining power and we want to go ahead even if people are hurt."

Mr. STRACKBEIN. That is right.

Senator CURTIS. That is the change.

Mr. STRACKBEIN. That certainly is one of the changes, there are other changes.

Senator CURTIS. I mean the change in the attitude of the no-hurt policy.

Mr. STRACKBEIN. Yes.

Senator CURTIS. What do you think this Congress can do in the way of trade legislation that will strengthen our economy and cause business to expand, create new businesses and provide jobs?

Mr. STRACKBEIN. It seems to me that the Congress will have to lift the threat of ever-increasing and sharper import competition and that is just the opposite of what this bill would do.

I firmly believe that if this bill is enacted—the throwing open of our industries and exposing them to increasing import competition—there will be increasing unemployment rather than less of it.

I don't see how it could work any other way. The wage rates abroad, while they are coming up are still far below ours. At the same time the productivity per man-hour has risen greatly in many of the foreign countries, particularly the industrial countries, and this is because they have imported from us, to some extent under our foreign aid program, vast quantities of modern machinery and equipment.

Over \$50 billion worth of this equipment has gone overseas in the last 12 years. It has been installed and we have had thousands of foreign productivity teams guided through our factories so that they might study and learn our system of production, and this is now in effect abroad.

So that with all this accumulation of modern machinery abroad and new techniques of production and advancements of more and more to a mass production system and production line, and so forth, have made these countries much more competitive than they were in the past and this trend will continue.

It is a known fact that the productivity per man-hour has risen more rapidly in European countries and in Japan than it has in the United States, and this should come as no surprise.

They started from a lower level. They superimposed modern machinery and equipment on a much lower level or more antiquated system. So, therefore, it should not be surprising that their productivity would have risen as rapidly as it has and it may be expected that it will continue to rise and more rapidly than in this country, because they still have further to go.

So long as wages lag in relation to productivity, the greater will be their competitive advantage over us, and the labor unions, labor organizations, in these other countries are not as strong as they are in this country and, therefore, the wages may be expected to lag in relation and in comparison with ours.

All that adds up to sharper competition and to a greater need for more automation in this country, the introduction of more laborsaving devices and this, in turn, means less employment rather than more employment.

Now, ordinarily automation is expected to lower the cost of production and as you lower the cost of production, this taps more consumer demand. Therefore you get more production and in the end automation leads to more employment. But if you are automating in order to meet foreign competition, then you don't get this beneficial result

or at least not all of it, because the competition prevents you from getting it.

This is the situation we are facing in this country today. We have this unemployment, this hard core of unemployment. Part of this is already attributable to import competition. A good part, of course, is attributable to the vast increase in productivity on our farms where, as I say, the farmworkers dropped by 28 percent, 2,800,000 in 10 years' time, and part of it is attributable to automation in our industries. There are 30-odd industries, as shown in this paper here, among our most stable industries, established industries, where the employment actually dropped by 1,100,000 from 1950-60. These 30 industries employ 6 million people.

Had they kept pace with the increase in population, they would have added about a million. So that the total lag behind population was something over 2 million, about 2,300,000.

Now, there were other industries that were growth industries that did outstrip the population; electronics, aircraft, and a few things of that kind; but when you add this additional employment together it is still insufficient to offset the lag caused by the displacement of farmworkers, and the displacements of workers in these other industries.

So, we are faced with this situation.

Senator CURTIS. If a program admittedly is going to hurt some businesses to the point of extinction, and is going to put some people completely out of work so that they must be retrained or relocated, is that same program going to hurt other industries with the difference only in degree?

Mr. STRACKBEIN. Yes.

Senator CURTIS. In other words, if a course of trade is followed that completely destroys some businesses, it is logical when that is an across-the-board program and policy, that there will be others hurt, not enough to qualify for the relief provision, they will have less expansion and possibly some retraction, but may still stay in business; is that your opinion?

Mr. STRACKBEIN. That is correct.

This type of competition has some analogy, bears some analogy of the migration of the cotton textile industry from the New England States to our Southern States. This migration took place over a period of 40 years, and it is about 90 percent complete. Whether it will finally be completed or not, I don't know.

Yet even though this migration was extended over a period of 40 years, it caused great industrial distress in New England. The President himself has acknowledged this and has said so.

Now, here we are about to expose industries throughout the United States to a type of competition that is certainly as tough as was the southern competition with that of our Northern States.

In other words, while there was a lower wage level in the Southern States than in New England and while it was this factor more than any other, perhaps, that caused this migration, there is a greater differential in wages between our levels and those of other countries, and now it is proposed to go in 5 year's time to a basis of free trade in a very broad list of items.

If this migration of the textile industry from New England to the South can cause great industrial distress even though it was spread

over 40 years, what can we expect from this, which is to take place in 5 years?

Senator CURTIS. That is all, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Mr. STRACKBEIN. Thank you.

The CHAIRMAN. The next witness is Mr. Homer L. Brinkley of the National Council of Farmer Cooperatives.

STATEMENT OF HOMER L. BRINKLEY, EXECUTIVE VICE PRESIDENT OF THE NATIONAL COUNCIL OF FARMER COOPERATIVES

Mr. BRINKLEY. Mr. Chairman, my name is Homer L. Brinkley. I am executive vice president of the National Council of Farmer Cooperatives. I have here a rather extended statement with respect to our position.

However, I have summarized it and would like to have the privilege of reading the summary with the rest of the statement included in the hearings record.

The National Council of Farmer Cooperatives is a nationwide organization composed of farmer owned and farmer controlled cooperative marketing and purchasing associations.

Our marketing operations involve both domestic and foreign sales and include varying percentages of nearly every major farm crop produced in this country, with a total volume of farm sales, and purchases of farm production supplies, amounting to about \$5 billion annually.

No segment of our economy is in greater need of strong and effective measures to retain and expand our foreign markets than is agriculture.

Furthermore, in the national interest we cannot afford to run the risk of losing export markets for one-fourth of the total U.S. export value, which is the approximate contribution to our foreign trade balance made by agriculture.

To be able to make this contribution our farm products must first have access to the market. The level of the tariff may be of greatest importance to industrial articles, but restrictions on our agricultural exports are most effectively directed at entry to the market through quantitative restrictions, thus often making the level of the tariff of little or no consequence.

I have attached an example of such restrictions in Europe.

Given these basic facts, we can only reach the conclusion that a strong bargaining position with respect to the terms of trade in exchange of goods in world commerce is a necessity for both agriculture and for our Nation as a whole. In an expanding world economy with constantly changing trade patterns and rapidly improving technology in production and marketing both here and abroad, our own competitive position becomes increasingly difficult to maintain.

Even under the most favorable trade circumstances, the problem of expanding markets for our agricultural commodities presents very difficult and involved aspects.

The added complexities of the emerging Common Market and its probable extension to other European countries, give us deep concern. This is especially true in view of the strong protectionist and discrim-

inatory features inherent in its common agricultural policy. This trend toward external discrimination is a matter of sharp concern. It leads toward regional isolationism instead of away from it as the United States had hoped.

In light of these developments, the bargaining power of the United States, especially with respect to agriculture, must be increased and constructively used to retain and expand our markets, and also to implement our role of world leadership in general economic relationships.

We must look to the principles of the proposed strengthening of our trade agreements program as the method most immediately available to carry out the traditional trade policy of this country in the direction of expanded markets for U.S. products on a permanent and continuing basis. This basis must be one of true reciprocity and firm and determined opposition to discriminatory action against us.

We would insist, however, that there must be no illusions about the measures required to implement this policy. In years past our national concern has been so great for the maximum use of multilateral trade, and lowering of trade barriers; and we have been so deeply conscious of our responsibilities for world leadership that we have not, in our opinion, looked far enough ahead to successive stages of economic development and world trade. Nor has our foreign economic policy taken into account the possibility that our leadership might be challenged with respect to terms and conditions of world trade as exemplified by the development of customs unions.

A realistic appraisal of our situation indicates need for a sharp firming up of the authority for agreements and their implementation, not only with respect to countries participating in EEC and GATT, but others as well.

Perhaps our most difficult problem is that of obtaining useful concessions for agricultural commodities. Most countries have resorted to special measures of support and protection for agricultural producers, despite the fact that in many countries this has often led to uneconomic production, unwise allocation of resources, serious marketing problems, and the development of surpluses. Sound trade agreements might well have a beneficial long-range effect in influencing the more constructive allocation of production resources.

It should also be clearly understood that if we are to maintain U.S. agriculture as a strong contender for expanding markets and as a major contributor to the restoration and maintenance of sound trade balances, we must have on our side the bargaining strength of industrial commodities for which we are willing in turn in this country to make concessions. It would be an exercise in futility to merely pit agricultural commodities against each other in the negotiation of trade agreements.

Having participated in the 1956 and the 1960-61 GATT conferences as a public adviser, to the U.S. delegation, I viewed with growing concern our progressive decline in bargaining power in the negotiations, especially in view of the dramatically growing strength of the Common Market and the widespread interest in customs unions in other parts of the world.

Let it be understood that this decline in strength on our part was in no way caused by our negotiating techniques or personnel. Both were

at a level of excellence of which this country can be proud. The problem seemed to be largely in the continued use of policies and concepts no longer adequate for a job of ever-increasing complexity.

I am greatly encouraged with the present language of H.R. 11970, the Trade Expansion Act of 1962.

Significant and beneficial changes have been made since its introduction as H.R. 9900.

For example, it is my belief that the new machinery for hearings; for adequate Tariff Commission consideration of proposed changes in tariffs; for proper intervention by the interagency groups; for the chief negotiator to have the rank of Ambassador, are all strong and constructive provisions. We urge that your committee retain them.

We are also pleased with the provision that barriers can be raised as well as lowered. This provides a sharper cutting tool for carving out agreements. It provides a method of correcting mistakes and for adjustments which might at some time be necessary. It may also prevent too quick and easy reliance upon the industry and worker adjustments which are provided for in the bill.

One of the most encouraging developments seems finally to be recognition in the bill that many countries can and do offset tariff concessions with more restrictive measures of a nontariff nature; that agriculture is particularly susceptible to nontariff types of restriction, and that strong and positive measures are urged upon the administration to bargain this type of barrier down.

We have often deplored the emphasis on tariff negotiations to the almost complete exclusion of other types of barriers, many of which are far more restrictive than tariffs, and which are used far more extensively in agriculture. The common agricultural policy of the Common Market serves to spotlight this problem and emphasize its great danger.

We would further urge more attention to other types of negotiation to reduce barriers in cases not particularly susceptible to those employed in developing the customary trade agreements.

We have in mind especially those countries not signatory to EEC or GATT. An unfavorable balance of trade in the United States is of such vital concern, not only to us but to the rest of the world, that we should not be content with less than an all-out effort to expand and stabilize our foreign market demand, using those techniques which seem most effective in particular situations.

With more particular attention to our most-favored-nation policy, we urge that more specific action than in the past is necessary to prevent its becoming a major loophole.

We are heartily in favor of section 252 relating to foreign import restrictions. Most trading nations of the world acknowledge the value of internationally agreed trading principles and practices.

Section 252 of the proposed legislation clearly supports these principles, encourages other nations to join in their support and helps to assure that trade agreements will be complied with.

An important and desirable feature of section 252 is that it covers also those countries with whom we do not have a trade agreement, but who enjoy the benefits of our tariff reductions under the most-favored-nation principle. The feature is sorely needed in that it may

serve to bring in line on a reciprocal basis those countries which get the benefit of our tariff concessions without making any concessions in return.

A case in point is the neighboring country of Mexico which, for example, not only raises its duties indiscriminately, but also imposes strict controls on the imports of many agricultural products from the United States. A current case in point is the treatment of our orange exports. Supplies in Mexico are short, prices are high, yet there are restrictions on imports from the United States.

One possible effect of failure to tighten up on the situation referred to is the very serious likelihood that at some time there will result sharply expanded production of certain products which have benefited from an unearned and uncompensated reduction in barriers under our most-favored-nation policy.

We have been exporting production techniques and know-how all over the world. The combination of advancing knowledge and risk capital to take advantage of such unearned benefits might well have a harmful effect not only on our own domestic producers but upon the principal supplier with whom the original agreement was negotiated. Such windfall benefits should be the subject of negotiation and either properly compensated for, withheld, or withdrawn.

The rapid advance of technology in industry and in agriculture in the developed areas of the world, and the need for expanded industrialization in varying degree in the underdeveloped areas, all present dramatic challenges as well as tremendous opportunities. We must have the most effective tools possible if we are to turn these developments to our own advantage and retain our world leadership in industry, trade, and agriculture.

That concludes my statement, Mr. Chairman.
(The attachments referred to follow:)

SECTION II—NARRATIVE COMMENTS WITH RESPECT TO THE TRADE EXPANSION ACT OF 1962

The National Council is a nationwide organization composed of farmer-owned and farmer-controlled cooperative marketing and purchasing associations. These affiliated organizations number approximately 5,700 which market the commodities and purchase the farm production supplies for a total of nearly 3 million farmer memberships. The total volume of our domestic and foreign business runs to about \$5 billion annually. Marketing operations involve both domestic and foreign markets and include varying percentages of nearly every commercial farm crop produced in this country.

One of every six harvested acres in this country must find export markets if we are to retain the basis for any reasonable degree of agricultural prosperity in America. No segment of our economy is in greater need of strong and effective measures to retain and expand our foreign markets. Furthermore, the national interest cannot afford to run the risk of losing export markets for one-fourth of the total U.S. export value, which is the contribution to our foreign trade balance made by agriculture.

To be able to make this contribution our products must first have access to the market. The level of the tariff may be of greatest importance to industrial articles, but restrictions on our agricultural exports are most effectively directed at entry to the market, thus often making the level of the tariff of little or no consequence so far as our exports are concerned.

Given these basic facts, we can only reach the conclusion that a strong bargaining position with respect to the exchange of goods in world trade is a necessity for both agriculture and our Nation as a whole. In an expanding world economy with constantly changing trade patterns and rapidly improving technology in production and marketing both here and abroad, our own competitive position becomes increasingly difficult to maintain.

Even under the most favorable trade circumstances, the problem of expanding markets for our agricultural commodities presents very difficult and involved aspects. The added complexities contingent upon the emerging Common Market in Europe, and its probable extension to other European countries, give us deep concern. This is especially true in view of the strong protectionist features inherent in the common agricultural policy which is emerging in the European Economic Community.

The U.S. Government has supported the principle of the Common Market in the belief that such regional economic integration would strengthen the free world through reduction of trade barriers between participating countries. The goal of the European Economic Community (EEC) is to have free internal movement of labor, capital, and trade, directed toward eventual political unity. Our country had expected from the first that other European nations would join, thus greatly expanding the potential value to the participating countries, and contributing to a vast increase in the reciprocal exchange of world trade. Therefore this trend toward even partial external protectionism has become a matter of sharp concern. This leads toward regional isolationism instead of away from it as the United States had hoped. In light of these developments, the bargaining agreement power of the United States, especially with respect to agriculture, must be increased and constructively used to retain and expand our markets, and also to implement our role of world leadership in general economic relationships.

The protectionist features of the Common Market can be most clearly seen in the preliminary stages of the common agricultural policy and the various types of devices being proposed in order to provide protection, even for the uneconomic production of many agricultural articles produced in the common market area, against inroads of more efficient production from other countries and particularly the United States. These devices cover a wide range, such as variable levy systems, higher tariffs, import quotas and licenses, grade and quality restrictions, health and sanitary regulations, exchange controls, and support prices within the Common Market area. These will be used to support so-called target prices and are expected to equal the difference between competitive prices and the target price. Such measures will result in higher food costs, inflationary effects on those least able to bear them, reduced markets and decreased consumption of many farm products including our own.

Prior to the formation of the Common Market, 82 percent of the agricultural products into those countries were bound by GATT. As a result of the Rome Treaty which established the EEC, only about 50 to 55 percent of EEC agricultural imports are so bound. Despite the agreements made under GATT, a high proportion of our exports still encounter arbitrary import restrictions, and progress in liberalization has been far slower than in the case of industrial commodities.

Under the common agricultural policy now being forged within the EEC, the stage will be set for any degree of restriction on any particular commodity at any given time, and we look with gravest concern at the range of steps that are announced as being available in order to implement restrictions on trade of agricultural products exported to the Common Market. We suggest that once such precedents are established and implemented, they may lead in other directions, unless we are prepared to exercise bargaining and economic strength within the framework of established order to achieve other ends.

Because of the demonstrated weaknesses of GATT, and because of the current trend in the EEC, it would seem that the U.S. agricultural community must look to the principles of the proposed revision and renewal of our trade agreements program as the method most immediately available in order to carry out the traditional trade policy of this country in the direction of expanded markets for our agricultural commodities on a permanent and continuing basis. This basis must be one of firm and determined opposition to discriminatory action against us.

Reversion to bilateralism, power trading blocs, or economic isolationism on either a country or regional basis, runs counter to our national policy and must be opposed whether such policies are directed at agriculture or any other area of our economy. We would insist, however, that there must be no illusions about the measures required to implement this policy in the light of the growing trend toward customs unions. In years past, our concern has been so great for the maximum use of multilateral trade, currency convertibility, and lowering of trade barriers; and we have been so deeply conscious of our responsibilities for

world leadership that we have not, in our opinion, looked far enough ahead to successive stages of economic development and world trade. Nor has our foreign economic policy taken into account the possibility that our leadership might be challenged with respect to terms and conditions of world trade as exemplified by the development of customs unions. A realistic appraisal of our situation indicates need for a sharp firming up of the basis and terms of agreement, not only with respect to EEC and GATT, but other nonparticipating countries as well. We should reexamine the values to be had in development of standard treaties of friendship, commerce, and navigation, and be increasingly alert and take advantage of trade opportunities of any nature, anywhere.

The principles currently involved are those of trade stability and integrity and of truly reciprocal trade. Customs unions can be useful, but they can also lead to trouble. Customs unions as well as individual countries play a dangerous game when they destroy the spirit and purpose of international agreements through such devices as developing new rules which first sharply raise existing barriers and then lower them by the new dispensation, especially when the final reduction is higher than the starting point. Precisely this can occur, for example, when the external tariff is based on the arithmetic average of the individual country tariffs of the member countries. Such protectionism through group action is just as serious, and less direct and honest, than when used on an individual country basis. We submit this as a problem which is basically detrimental to the philosophy and practice of multilateral international trade and to the principles of reciprocity. It endangers the most-favored-nation policy and restores preference and discrimination sought to be eliminated by the rules of GATT and by the trading philosophy of our own country. Guided along sound and proper lines, however, they may parallel our own "customs union" of 50 States.

We would urge that our national policy steer clear of the extremes of either free trade or economic isolation. We firmly believe that either approach would create many more problems than it could ever solve. Every country has need, on occasion, to protect its position in trade and its own economic, social, and political problems at home. We believe that care must be taken that concessions are not made on those commodities which would result in damage and distress to either industry or agriculture to the point that we would stand to lose more than we can gain. We grant other countries the same right. However, there should be rules of the game, and many countries other than ours have established the equivalent of peril points below which no concessions will be made though they may be arrived at in different fashion than ours.

We also subscribe to and strongly support the judicious use of escape clauses where changing conditions or unwise concessions make it necessary to reevaluate our position. We submit, however, that the principles involved are nothing new and that the rules can be made workable and equitable and generally applicable to all trading partners. We would vigorously oppose changes which would destroy either of these two sources of protection for efficient and competitive industries or producers. We discount the charges of those who blame these protections as practically the only obstacle to successful trade agreement negotiations. On the contrary, and if judiciously used, they may well make a major contribution to the permanence and workability of mutual concessions. We differentiate between this and the ease of bargaining.

With respect to some of the recommendations which have been made in the President's message, and which are contained in the supporting legislation, we believe there are some features which hold general interest. At the top of the list of problems to be solved, and which we think are inadequately dealt with in the legislation, is that of obtaining concessions for agricultural commodities, not only in EEC but also in the GATT countries. Every country that we know of has resorted to special measures of support and protection for its agricultural producers, despite the fact that in many countries this has often led to uneconomic production, unwise allocation of resources, serious marketing problems, and the stimulation of surpluses. These measures are not likely to be materially modified over the short range. Therefore, the most difficult problem in negotiating international trade agreements is likely to continue to be in the field of concessions for exports of our agricultural commodities. Significant progress has been made in this respect, but because of the new factors which have been injected, such as the EEC common agriculture policy, there is a mounting danger of sharply increased difficulties in such negotiations. For example, if agricultural commodities should be placed in a separate trade

category for the purpose of negotiating against other agricultural commodities, our bargaining power would virtually disappear. Obviously, such a course needs to be specifically guarded against. If we are to maintain agriculture as a strong contender for expanding markets and as a major contributor to the restoration and maintenance of sound trade balances, we must have on our side the bargaining strength of industrial commodities for which we are willing in turn to make concessions. Especially should we be willing to make material concessions for those commodities of other countries which would be of value in contributing to lower costs of those production items which could still further contribute to our position as the world's most efficient producers of agricultural commodities.

With respect to some of the other problems which we confront in our trade relations, we submit that a new hard look must be taken at ways and means of more effective implementation of trade concessions made to us by EEC and the GATT countries as well.

We suggest that a more realistic appraisal of bindings be made with a view to determining whether they actually have hard value as compared to actual reductions. Equally needed is a measurement of achievement more directly related to the actual stimulation of trade in terms more concrete than a tabulation of the total volume of trade in the commodities involved in concessions.

The policy of some countries of offsetting tariff concessions with other more restrictive measures, is a problem which must be firmly dealt with. A hard and realistic policy on our part would result in reciprocity and trade integrity that would make a real and lasting contribution to the removal of the real trade barriers. Weakness will simply lead to more rigid and diverse barriers. We suggest a new and more constructive approach to this serious problem area. Simple refusal to live up to the concessions granted by any country or customs union, or offsetting a concession by another type of restriction must be immediately challenged. A schedule of mutual performance should be firmly agreed upon at the time of agreement, and then implemented by either prompt compensation with concessions of equal value, or prompt discipline through the withdrawal of equivalent concessions which had been made by us. The time has passed when we needed to lean over backward to establish the most favorable condition possible in order to stimulate economic recovery in countries all over the world. We need now to strengthen our own position to the maximum extent possible.

There is a particular aspect of trade agreement bargaining relating to agriculture which needs to be better understood and taken into account. For the most part the principal trade barrier to the exchange of manufactured articles has traditionally and normally been the tariff. So far as agricultural commodities are concerned, the level of the tariff usually is the least important and the least restrictive of the various types of protection resorted to by our trading partners. The basic problem in the foreign trade of agriculture is entry to the market. Entry has been and will be denied by many devices far more effective than the level of the tariff. A tariff of zero under such conditions is worthless as a trade concession. By way of emphasis, we again refer to examples of such restrictive devices.

One of the key features of the proposed Trade Expansion Act involves recognition of the thought that if trade adjustments in the national interest are made with respect to a particular commodity or category, and if damage results to our industries or workers, then there arises a national obligation to relieve the situation to whatever extent national policy would indicate.

We subscribe to the basic philosophy involved in spreading the impact of adverse effects. However, we would caution that there is a delicate balance between the need for more market competition in this country for the benefit of our consumers, producers, and farmers, and the problems which would be created if we should pinch domestic producers too hard by concessions and thus run afoul of the law of diminishing returns. This is particularly dangerous in periods of recession. It is also true in cases of a dramatic breakthrough in technological development in other countries.

We would submit first, that careful consideration be given to what is involved in the use of broad categories as the basis for negotiations. Arbitrarily defined broad categories may well include certain articles with little or no bargaining value. We would suggest that there should also be authority to use a group or package of specific commodities with real bargaining value within such broad

categories. These might well be far more attractive from a bargaining standpoint and from the standpoint of real trade value. We repeat our insistence that bargaining on this basis must not be such as to reduce our negotiating strength for securing concessions for our agricultural exports.

The rapid advance of technology in industry and in agriculture in the developed areas of the world, and the need for expanded industrialization in varying degree in the underdeveloped areas, all present dramatic challenges as well as tremendous opportunities. Any program of harsh and unwarranted restriction in the exchange of the world's goods, would run counter to the policies of this country and would run counter to the interests of modern trade expansion and development.

A complicating factor, of course, is the aggressiveness of the Communist bloc which will not hesitate to use any trade or propaganda device they are capable of to obstruct and delay sound international trade relations.

Currently we seem to be more aware of the problems than of the solution. Certainly we are sure that the worn tools of traditional trade negotiations with their imperfections of implementation, are today completely inadequate to meet either our current problems or the prospective trends in international trade. Under these conditions it would seem that the only certainty is that of change, and to take advantage of the many opportunities ahead it would appear desirable to develop a degree of flexibility as to method coupled with a high degree of firmness in the establishment and implementation of trade principles which have become known to us from the experience of the past.

SECTION III—APPLICABLE POLICY RESOLUTIONS OF THE NATIONAL COUNCIL OF FARMER COOPERATIVES

FOREIGN TRADE AND FOREIGN ECONOMIC POLICY OF THE NATIONAL COUNCIL OF FARMER COOPERATIVES

Export trade

The National Council of Farmer Cooperatives recognizes the importance to the Nation's economy of a healthy foreign trade, and the normal dependence of many of our agricultural industries upon export outlets for the disposal of production in excess of domestic needs; also the vital role played by such exports in meeting the food and fiber requirements of many countries which are not self-sufficient in this regard.

Any effort to maintain balance in foreign trade must recognize sound trade relationships, particularly with respect to foreign countries which traditionally imported much of their food and fiber and exported their manufactured goods. Obviously, efforts must be directed toward (1) assisting foreign countries to expand their productivity; and (2) maintaining the flow of food and fiber from this country to those areas which are unable to produce enough of their own needs.

With specific reference to Government policy directed toward expanding our export trade in agricultural commodities, the council recommends that—

(1) The objective be to restore such trading to a basis of free enterprise and private negotiations; however, until such objective is achieved, certain aids must be continued, such as making wider use of section 32 (AAA) funds in the case of perishable and other nonbasic commodities. Such aids for any given crop should be on a sustained basis aimed to hold foreign demand and reassure domestic producers, rather than on an intermittent basis permitting lapses in flow of products.

(2) Efforts of the State Department be more positively directed toward removing foreign barriers to such trade, by trade agreements, if necessary; also, the Department of Agriculture, through the Foreign Agricultural Service, be more vigorously charged with trade promotional responsibilities and be adequately staffed and financed for such work.

(3) Unqualified opposition to public policies which have the effect of placing us in the position of residual suppliers.

(4) Complete implementation by foreign countries of concessions granted to U.S. agricultural products under General Agreement on Tariffs and Trade and opposition to restrictions or obstructions to agricultural trade in connection with Common Market treaties or similar arrangements.

(5) Assignment to appropriate budget other than the agricultural budget the costs of carrying U.S. agricultural surplus crops to the extent that international political considerations reduce the opportunity to move agricultural products into export markets.

(G) A proper and equitable balance in the representation of agriculture by farm leaders and the USDA in deliberations pertaining to foreign economic and political policies which bear on agricultural export markets.

Various devices, such as quotas, licenses, seasonal embargoes, bonus dollars, and many other restrictions, have become of even greater significance in regulating and restricting international trade than tariffs. As a consequence, in the presence of such highly restrictive measures, tariffs assume subordinate importance as a bargaining instrument.

The expansion of exports and international trade will come from increased economic strength in foreign countries, currency convertibility, the development of the proper climate for capital investments, particularly in the newly developing areas, and the elimination of the many practices which hamper rather than encourage the exchange of commodities. We recommend these principles.

Under the American system of free enterprise, private industry rather than government, should occupy the position of primary importance in the field of foreign trade. This objective will require greatly expanded efforts on the part of farmer cooperatives and other segments of the economy, as well as maximum efforts on the part of all Government agencies, including our agricultural attachés. The same principles that have governed the expansion of domestic outlets, such as improved quality of product, should be applied to exports in order to assure full value to all concerned.

These fundamentals call for cooperation on the part of appropriate Government agencies, trade associations, cooperative organizations, other private business, and individuals. Farm products owned by the Commodity Credit Corporation when marketed abroad, should be sold in an orderly manner and at the best possible advantage. Such commodities should be handled to the maximum extent possible by private trade.

Import trade

The National Council of Farmer Cooperatives recognizes the right and wisdom of any country—particularly the United States—in protecting itself against excessive and unduly competitive imports of commodities already produced domestically in substantial quantities.

The council reaffirms its position with respect to section 22 of the Agricultural Adjustment Act and, in the case of the Reciprocal Trade Agreements Act, it recommends the following safeguarding provisions:

(1) No agricultural commodity shall be included in a negotiation or bargaining list, the production of which is certified by the Secretary of Agriculture to be equal to domestic consumption or to a substantial portion thereof, or as necessary to the national defense.

(2) Any extension of the Trade Agreements Act should include the following:

(a) Retention of the peril-point principle, the determination of peril points to be made by the Tariff Commission, and their observance made mandatory upon the executive branches.

(b) Retention of the all-important escape clause with prompt action thereunder mandatory upon the Commission and executive branches.

(c) The growers of any agricultural product used in the manufacture of a commodity involved in peril point or escape clause proceedings shall be considered a part of the domestic industry producing that commodity, and any organization or group of such growers shall be considered to be interested parties in such proceedings.

(3) The determination of the facts with regard to imports shall be a function of the Tariff Commission, which should be relieved of any responsibility in the negotiation of trade agreements.

(4) The provisions of section 22(AAA) should be invoked promptly and vigorously when imports impede or threaten to impede Federal or State marketing programs; the recommendations of the Secretary of Agriculture, approved by the Tariff Commission, on such matters should be final and quantitative limitations should be placed upon competitive imports in cases where American production or marketing is limited by law, or adequate tariff adjustments cannot be made promptly by administrative action.

The National Council of Farmer Cooperatives opposes any increased restrictions in the way of tariffs or quotas on the importation of production supplies, equipment or machinery used on the farm.

Food coming into the United States is not subject to Federal Food and Drug Administration inspection of its producing premises and is subject only to inspection of the finished product itself.

American-produced food products are subject to an inspection of producing premises and foods emanating from such premises can be seized if they are produced " * * * under insanitary conditions where it may have become contaminated * * * "

We urge that Congress take action to require the Food and Drug Administration to apply comparable sanitary standards to all food products whether produced in the United States or in a foreign land.

ATTACHMENT I

EXAMPLES OF AGRICULTURAL PRODUCTS STILL UNDER IMPORT CONTROLS IN WEST EUROPEAN COUNTRIES AS OF AUGUST 15, 1961

(1) United Kingdom: Pork products; fresh apples and pears; fresh grapefruit; grapefruit juice; and orange juice.

(2) EEC countries:

(a) Netherlands: Beef and veal, fresh or chilled; potatoes; wheat and wheat flour; hops; and calfskins.

(b) Belgium: Some 40-odd agricultural commodities are included in a waiver granted in 1955 to Belgium in the GATT on which import controls are permitted under the terms of the waiver which is scheduled to expire December 31, 1962. Items of trade interest to United States are fresh apples and pears; hops; lard; asparagus; and leguminous vegetables.

Belgium has announced liberalization of wheat and wheat flour; feed grains; fresh beef, veal, and pork; bacon; processed meat; and eggs but at the same time has imposed new import taxes or levies (the amount frequently changed by decree). Thus, in effect, wholly or partially nullifying the liberalization moves.

(c) Luxembourg: Fresh beef and veal; processed meats; wheat and wheat flour; rye and rye flour; and fresh apples.

(d) France: Poultry meat; canned fruits; dried plus (prunes) packaged for retail sale; fresh and dried apples and pears; corn and potato starch; canned vegetables; canned fruit and vegetable juices; pig and poultry fat, rendered; prepared animal feeds; fresh oranges (other than summer oranges). State trade items include grains and flour; oilseeds and oil; sugar; and tobacco.

(e) West Germany: Effective import restrictions still apply to 250 commodity classifications in the agricultural sector, of which 161 are subject to state trading. Controlled items include rice; tallow; meat extracts and meat juices; fresh apples and pears; canned fruit (other than canned peaches and fruit cocktail); wheat; corn; oats; barley; rye; grain flours; seed oils; fresh, chilled, or frozen beef, veal, pork, and mutton; processed meats and edible offals.

(f) Italy: Poultry; natural honey; dates; dried figs; raisins; cheese; essential oils of citrus; pasta; linseed oil; soybean oil; grain sorghums; corn (during January 1 to June 30); rye flour; and lard. Wheat and wheat flour and tobacco are state traded.

(3) Norway: All grains (state monopoly control); canned fruit cocktail; tomato juice; fresh apples and pears; and meat.

(4) Sweden: All grains (minimum price below which imports may be prohibited); frozen beef; poultry meat and fat; milk and cream; butter and cheese; honey; and fresh apples and pears.

(5) Denmark: Variety meat and meat extracts; canned fruits and vegetables (except canned peaches, apricots, pineapples, and grapefruit sections); fruit juices; seed oils; wheat; and fresh apples and pears.

(6) Austria: Wheat, corn, and barley (state monopoly control); tobacco (state monopoly); poultry meat; lard; variety meats; dairy products; and fresh apples and pears.

(7) Switzerland: Under Swiss legislation imports of any agricultural commodity which is also grown or produced in Switzerland may be controlled. Currently imports are controlled for wheat; feed grains; potatoes; cattle for slaughter; meat and meat products; vegetables; fresh apples and pears; butter; whole-milk powder and casein; tallow and lard.

(8) Greece: A relatively small amount of Greek trade is subject to import licensing. However, a number of commodities are subject to large advance cash

deposits, consumption taxes or special regulations. Rice imports are subject to licensing and wheat and wheat flour are subject to special regulation.

(9) Portugal: All imports require advance import registration certificates. For some commodities certificates are issued automatically. Agricultural commodities still subject to discrimination from the dollar area include cotton; edible oils; wheat; feed grains; rice; fresh citrus fruits; milk and butter.

(10) Spain: Most of the agricultural imports are subject to import controls including wheat; feed grains; seed oils and oilseeds; meat and meat products. Basic foodstuffs, raw cotton, and wool are state traded.

(11) Turkey: All imports are subject to licensing. Licenses for items on the liberalized list are granted freely upon application. Most of the agricultural commodities of interest to the United States are on the nonliberalized list including wheat; feed grains; seed oils; meat and meat products; and cotton. Tobacco and tobacco products are state traded.

(12) Finland: A fairly large number of products are subject to nondiscriminatory quota limitations. In addition, a smaller number of commodities are subject to individual discretionary licensing. Agricultural commodities still under import control include meat and meat products; condensed and powdered milk; wheat and wheat flour; rice and rice flour; barley and barley meal and flake; corn; lard; soybean oil; canned asparagus; almonds, filberts, and walnuts; lemons; prepared and preserved fruit; and citrus fruit juices including pineapple juice.

(13) Ireland: Raw onions, fresh or dried; fresh apples, feed grains; and high special levies on canned fruit.

The CHAIRMAN. Thank you very much, Mr. Brinkley.

Senator CARLSON. Mr. Chairman, may I have a minute?

The CHAIRMAN. Senator Carlson.

Senator CARLSON. Mr. Brinkley, I want you to know I appreciate very much your appearance before this committee—

Mr. BRINKLEY. Thank you, sir.

Senator CARLSON (continuing). In view of the fact you have had some experience in serving with the GATT organization in setting or attending some of these negotiations. Is that correct?

Mr. BRINKLEY. Yes, sir.

Senator CARLSON. You were back there in 1956?

Mr. BRINKLEY. And 1960-61.

Senator CARLSON. And 1960 and 1961?

Mr. BRINKLEY. Yes, sir.

Senator CARLSON. And to me your statement is particularly timely in that you express great concern that agriculture will have difficulty in protecting itself in these negotiations, is that correct?

Mr. BRINKLEY. That is correct, Senator, because it has been my observation that negotiations with respect to agriculture are by far the most difficult of any type of commodities that are involved in negotiations.

They are always extremely difficult, and for that reason, I think, it needs particular attention paid in the legislation and in negotiation and in administrative handling to see to it that maximum attention be given to opening up, expanding, our export markets for agricultural commodities.

Senator CARLSON. Can you suggest any language that we might write into this bill that would insure agriculture its full protection in this field?

Mr. BRINKLEY. I have no language to suggest. I think that, basically, the terms of the bill under consideration will constitute an improvement over the frame of reference in which we have been operating in the past.

I think there are some decided improvements in the basic concept and the approach which is taken to negotiating agricultural commodity benefits.

Senator CARLSON. Of course, you are very familiar with, and I think you mentioned it in your statement, the extreme protectionist policies of the Common Market when it comes to agriculture.

Mr. BRINKLEY. Precisely. This is a fact of life and we must deal with it. And we cannot ignore that, except at our own very great peril.

Senator CARLSON. Are you familiar with the fact that on July 30 of this year, unless the State Department can get a revision of it, we will have to pay 10 to 75 percent higher duties to ship some of our farm products into the European Common Market, and they may even run higher. For instance, we are being asked to pay 10 percent higher duties on barley, 29 percent more on wheat, and 75 percent more on poultry going into Western Germany, just as an example.

Now, I mention that because I understand the State Department has protested it, but I have not heard of them making any specific statements that if they put this into effect they will have some retaliatory tariffs in this country.

Don't you think we are going to have to deal harsh and hard with these people?

Mr. BRINKLEY. I think we are, Senator, and I tried to make it clear in this statement that we really need to take another look, a very hard look, at policies underlying our negotiation practices with respect to these extremely discriminatory practices that are being leveled against the United States.

We simply cannot afford to take any more chances of this sort of thing continuing to happen. The stakes are too great.

Here's agriculture, agricultural exports, contributing 25 percent of the total export value of U.S. commodities. We are in balance-of-payments difficulties now. We cannot afford not to pay the greatest possible attention to negotiating these trade barriers down.

Now, there is no secret that the common agricultural policy in EEC is discriminatory. This isn't the only discriminatory action which is taken with respect to American agriculture. I list here a good many countries in Europe, and there are others not members of the EEC, that are quite discriminatory in their acts.

Now, of course, one of the things that I think we need to take into account is that most countries of the world, practically all of them, have various types of measures that they resort to in order to protect and expand their agricultural production.

It would be my hope that with the kind of trade bargaining negotiations that I can visualize as being possible, that we could make it more unprofitable for them than it has been in the past to resort to these things because in many, many cases it results in uneconomic production of agricultural commodities and this is not good for them and it is not good for us.

I can't visualize, for example, that the Common Market countries in certain agriculture commodities can ever hope to even approach our productive efficiency in this country.

Yet unless we take a far firmer position in the future than has been the case in some instances in the past, this trend and it is very

definite, a very definite trend, the common agricultural policy will result in more and more discrimination against us.

Senator CARLSON. I appreciate very much your statement and I think we must realize that it is the consistent policy of these countries to have a protectionist program for agriculture.

Mr. BRINKLEY. It is consistent.

Senator CARLSON. Thank you, that is all.

The CHAIRMAN. Senator Douglas?

Senator DOUGLAS. Mr. Brinkley, I was interested in your statement that the present bill gives to the President the power to increase duties.

Mr. BRINKLEY. Yes.

Senator DOUGLAS. And you favor this for the reasons which you have just developed in your conversation with the Senator from Kansas?

Mr. BRINKLEY. Yes, sir.

Senator DOUGLAS. I take it you are referring to (b) (2) on page 3 of the bill.

Do you have a copy of the bill?

Mr. BRINKLEY. I don't—what was the reference, Senator?

Senator DOUGLAS. Page 3 of the bill, subparagraph (b) (2) :

No proclamation pursuant to subsection (a) shall be made increasing any rate of duty to (or imposing) a rate more than 50 percent above the rate existing on July 1, 1934.

Mr. BRINKLEY. This is one of the provisions. My understanding is there are others where they can increase other types of—

Senator DOUGLAS. I think we had better have those other provisions pointed out because section 252 to which you refer merely provides that projected decreases can be withdrawn if the President and the executive feel that the agreements had been violated either directly or indirectly.

Mr. BRINKLEY. Yes.

Senator DOUGLAS. That is true, isn't it?

Mr. BRINKLEY. Yes; that is true.

Senator DOUGLAS. Now where, aside from the subparagraph that I have mentioned, is there authorization for an increase in duties?

Mr. BRINKLEY. That is my understanding, my recollection, Senator, but I am sorry, I can't pinpoint it just at this time, but I do think that the authority, if it is not in here, should extend further than merely the increase in duties because this may not be any more effective than it is in some other cases that we have mentioned.

Senator DOUGLAS. That is, that we should have quota powers, too?

Mr. BRINKLEY. Yes. We should have quota powers.

Senator DOUGLAS. And import license provisions if the Europeans have these?

Mr. BRINKLEY. If they have these, I think we need to have countermeasures just as effective as theirs are. I don't see how we can bargain effectively unless we do. I would hope we would never have to use them, but if they have them and if they do use them, I certainly think that we would be weak in our negotiating power unless we could make countermeasures of equal effectiveness.

Senator DOUGLAS. This is what I, as a longtime low tariff man have been urging now for some months, precisely that. The mere withholding of an increase will not be sufficient to deter the Europeans

from imposing severe restrictions upon the importation of American products, particularly farm products.

Mr. BRINKLEY. Yes, sir; that is right.

Senator DOUGLAS. I had long discussions on these very topics with the economic authorities of Western Germany, France, Belgium, England, and the Common Market last fall, and they had a reply which they made, "You have restrictions yourself on farm products."

And I guess it is true, isn't it, that we have restrictions on the importation of wheat, Canadian wheat?

Mr. BRINKLEY. Yes, there are a few restrictions under section 22 of the Agricultural Marketing Act which have been used very sparingly and only a handful of commodities have been affected.

Senator DOUGLAS. What in effect they were saying is, "You are another and you do not come before GATT with clean hands."

What I would like to ask is this: If we were able to get the Europeans to open their market in much larger measure to American products would you be in favor of a similar reduction in restrictions which we have on the importation of farm product in this country?

Mr. BRINKLEY. Well, I made the point, Senator, that I think it is an extremely dangerous situation, where we visualize pitting agricultural commodity against agricultural commodity.

Senator DOUGLAS. I understand.

Mr. BRINKLEY. If we are talking about multilateral trade we ought to mean multilateral trade, and I think that when we begin to separate out categories and negotiate on tariffs and tariffs alone without including these other things we are in a very dangerous position.

Senator DOUGLAS. I understand.

But what in effect the European countries are saying is that, "If you ask us to open our markets more broadly to American wheat, feed grains, soybean oil, powdered milk, frozen chickens, tobacco, and so forth, you cannot, at the same time, yourself impose restrictions on the farm products of Canada, Australia, and the like which you impose."

Mr. BRINKLEY. Well, I think perhaps one answer to that might very well be that overall, without respect to particular commodities we would be quite happy if they reduced their restrictions to the level to which we have reduced ours.

We have led the rest of the world, perhaps to the regret of a great many people, in light of the lack of reciprocity that we have experienced with respect to some commodities and some countries.

So I have no apologies whatever to make with respect to these restrictions that we do impose under section 22 of the Agricultural Marketing Act.

I think it is done basically, of course, in order to protect the operation of Government programs with respect to these commodities. I would go a step further and say that it is not an economic operation when we import quantities of agricultural commodities, when we already have ample production in our own countries, if it is economic production and efficiently produced and properly priced, and we don't take the position at all, that we are opposed to foreign countries doing whatever they reasonably can if their production is efficient, to provide their needs of food and fiber.

But when they establish restrictions and barriers which result in protection of uneconomic production, inefficient production, production at a higher price, and their people can be better supplied by imports from us, for example, or some other country, then the question becomes whether they really are doing their own people a service or a very serious disservice over a period of time.

Senator DOUGLAS. When I was in Australia several years ago, the Australians and New Zealanders complained that they were the most efficient wool producers in the world, and yet we protected a much more inefficient wool industry in this country, and they wanted us to admit a much larger proportion of Australian and New Zealand wool. And similarly, isn't it true that Canada feels her hard wheat is not admitted?

The Argentines complain we keep out Argentinian beef under unreasonable hoof-and-mouth disease requirements.

So while I can see very clearly the defects in the European system, and I join with you in this, they also see very sharply the protection practices of our agriculture.

What I am trying to get at is this: You represent one of the largest farm groups. In getting a reduction of European tariffs and import practices on our farm products, would you favor a reduction in the tariffs and import practices which we use to restrict foreign farm commodities coming into this country?

Mr. BRINKLEY. Well, we are already importing very large quantities of agricultural commodities from foreign countries.

Senator DOUGLAS. I know. But still it is true that if you impose the market test on wool, for example, I think there is no doubt that Australian and New Zealand wool can come in and undersell American wool.

Mr. BRINKLEY. Yes.

Well, I think these things are all the subject of hard bargaining and sharp negotiations. I think this is what we are concerned with here, to set the stage and provide the machinery and the opportunity to extend world trade generally on a somewhat freer basis. I believe free trade would create far more problems than it could ever solve, but I think a great deal can be done over the years in hard reciprocal trade bargaining, the kind that I have tried to describe.

Senator DOUGLAS. Every one is for expanding world trade by expanding their own exports.

Mr. BRINKLEY. Well, this is a good way to do it.

Senator DOUGLAS. But you can't expand your exports permanently unless you also increase your imports.

Mr. BRINKLEY. Really you don't expand world trade unless you do expand your exports.

Senator DOUGLAS. This is just where the trouble lies.

I would agree with you. I think it is highly desirable for Europe to take more of our farm products than she is likely to take. I favor giving the President the power, the increased power if necessary, to impose restrictions, if this is necessary as a weapon. But suppose they say, as they undoubtedly will, "What are you going to do on Australian wool, what are you going to do on Canadian wheat, what are you going to do on Argentine beef?"

What would be your answer? Suppose you are appointed to the delegation?

Mr. BRINKLEY. Heaven forbid.

Senator DOUGLAS. To deal with these matters as you may very well be, what would you say.

Mr. BRINKLEY. I would say, first of all, "What are you willing to do for me."

Senator DOUGLAS. Pardon?

Mr. BRINKLEY. I would ask them what they would be willing to do for me.

Senator DOUGLAS. Yes.

Mr. BRINKLEY. And at the same time I would be asking what can we do for them.

Senator DOUGLAS. This is what every good bargainer does, starts out with feeling the other side out, but they will soon be feeling out your side.

Mr. BRINKLEY. Precisely.

Senator DOUGLAS. And sooner or later you will have to read each others' mind and start moving. I am trying to read your mind, I am trying to find out whether you are saying it is a good thing for the Europeans to make concessions to us, and I am trying to find out whether you are going to make concessions to them on farm products.

Mr. BRINKLEY. I would make up my mind during the bargaining process.

Senator DOUGLAS. We have to write this legislation.

Mr. BRINKLEY. Yes, sir.

Senator DOUGLAS. Now, we don't operate in a void. We can operate only to the degree that public opinion permits us to do so. If there is determined opposition from the American farm organizations to any concessions on Hard wheat, Australian-New Zealand wool, Argentine beef, I guess dates and figs come in because California feels she is a very efficient producer of dates and figs, if farm groups say, "Well, don't touch them," our ability to bargain would be distinctly limited.

If, on the other hand, farm groups say, "We will be statesmen on the matters which affect us as well as statesmen on matters which affect others," we would be greatly strengthened, and I wait for a word of reassurance from them.

Mr. BRINKLEY. I think that with respect to these commodities on which we might be asked for concessions, there would be a good many questions to ask.

For example, I would not like the job of trying to negotiate the entry of dairy products into New Zealand. I think it would be extremely difficult for many countries to show any reason why they should have an entry to a market that is already supplied adequately and efficiently.

Senator DOUGLAS. Take wool. Do you think our market is supplied adequately by American wool?

Mr. BRINKLEY. No, sir; we have legislation that provides for a considerable subsidy in order to increase the production of American wool.

Senator DOUGLAS. Do you approve of that?

Mr. BRINKLEY. Yes, sir; I approve of it. I think we need to be—

Senator DOUGLAS. Then how can you condemn West Germany for wanting to have a larger share of the wheat which they consume grown at home?

Mr. BRINKLEY. Because it is extremely inefficient production.

Senator DOUGLAS. Our production of wool is relatively inefficient compared with New Zealand.

Mr. BRINKLEY. I think it is. But I think there are some national defense problems involved.

Senator DOUGLAS. They say they have a national defense issue. That in time of war they don't want to be dependent on oversea wheat.

Mr. BRINKLEY. Yes. Of course, this is a favorite reason and I say again—

Senator DOUGLAS. You think it is real in our case but assumed in theirs?

Mr. BRINKLEY. No; I think it is quite real in both cases and I am saying it is a case of setting the stage through sound legislation that would enable sharp hard reciprocal trade bargaining on these particular commodities, whatever they may be, across the board.

Senator DOUGLAS. Then you would favor having us reduce our agricultural tariffs and other restrictions if in return for this we could get adequate concessions?

Mr. BRINKLEY. I would say that if they could make a case that would match the kind of criteria that are needed to protect American agriculture, yes, I think that this is a valid position to take.

Senator DOUGLAS. Mr. Brinkley, you are a very nice fellow but you are adept at not answering questions.

Mr. BRINKLEY. I would not want to sell agriculture down the river.

It is a hard question to answer, Senator, and I doubt if it can be answered out of hand because I really think—

Senator DOUGLAS. You can, with your skilled dexterity, avoid answering these questions. We cannot avoid them. We have to answer them. And our answer depends in large part upon the attitude you take.

Mr. BRINKLEY. I am trying my best to be responsive to the question. But this is a question that I have said I cannot be responsive to because of the conditions surrounding the negotiations at a given time will be governing.

What we need is legislation that will permit us to engage in the same hard bargaining that other countries are able to do.

Senator DOUGLAS. Including reduction in agricultural tariffs and restrictions on the part of the United States?

Mr. BRINKLEY. Yes; if they are justified.

Senator DOUGLAS. Well, that is good. We have taken one step, one good step, and you have my congratulations.

The CHAIRMAN. Thank you.

Mr. BRINKLEY. I want to be quite sure the words, "If they are justified," appear in the transcript. [Laughter.]

Senator DOUGLAS. That takes it all away. [Laughter.]

Senator WILLIAMS. Mr. Brinkley, a good negotiator who was going to protect the American position would not necessarily go over and open the discussions and say, "I am going to make these concessions and what are you going to do?"

He would ask the question first, would he not?

Mr. BRINKLEY. Yes.

Senator DOUGLAS. May I say in reply to my good friend from Delaware that the American negotiator, if he goes over there, is always subject to criticism from home. And he is always likely to attack not only on the floor of the Senate, but also, if we make concessions, from certain American producers who think they are hurt. So, it would be highly desirable for us at least to know how far we can go without being denounced as an enemy of American agriculture or business, if you do not want to testify publicly on this, come around to the back door and let us know.

The CHAIRMAN. Thank you, Mr. Brinkley.

Mr. BRINKLEY. Thank you, sir.

The CHAIRMAN. The next witness is Mr. Herschel D. Newsom of the National Grange.

Mr. Newsom, take a seat, sir.

Mr. NEWSOM. Mr. Chairman, I would like to ask Alton Denslow, our associate legislative counsel, to come to the stand with me.

The CHAIRMAN. That will be satisfactory.

STATEMENT OF HERSCHEL D. NEWSOM, MASTER, THE NATIONAL GRANGE; ACCOMPANIED BY ALTON DENSLOW, ASSOCIATE LEGISLATIVE COUNSEL

Mr. NEWSOM. Mr. Chairman and members of the committee, I certainly appreciate the privilege of appearing before this committee and I think I should confess to you that I appreciate the privilege of appearing exactly at this time.

I find myself in very substantial, if not complete, accord with my friend, Homer Brinkley, the previous witness. I think we have tried very earnestly to take account of the points made by the witness who preceded him. Our testimony is rather short because we have elected to emphasize only a few points that are of major concern to us, and I should like to say, Mr. Chairman, that we are prepared if it is the pleasure of this committee that we do so, to suggest some amendments either now or, if you will permit, to be added, handed to you or your staff, sir.

The CHAIRMAN. We will be very glad indeed to have you present the amendments that you desire and we will insert them in the record.

Mr. NEWSOM. Thank you, sir.

(The amendments referred to appear at the end of Mr. Newsom's testimony.)

Mr. NEWSOM. At the 95th annual session of the National Grange last November, our members adopted the following resolution relating to foreign trade policy:

In the field of foreign economic trade policy, the National Grange continues its support of trade policies designed to expand international trade on a reciprocal and mutually benefitting basis * * *.

In reaffirming this policy, it is pointed out that we are increasingly disturbed by the continued maintenance by some countries of discriminatory import restrictions against U.S. agricultural products. These discriminations and restrictions, which were tolerated during the period of dollar shortages because other countries were not able to generate exports to acquire dollars, are no longer justified.

But even more disturbing are the new and even more restrictive measures being proposed under the European Common Market which may further reduce trade opportunities for U.S. agricultural products.

These restrictive devices we believe to be incompatible with the basic principles of the General Agreement on Tariffs and Trade, and even of the Common Market itself, which are founded on the fundamental concept that broadening trade on the basis of production efficiency is essential to sustained economic growth.

We, therefore, again urge our Government by every means at its command to continue to seek the elimination of existing and the prevention of new barriers against the export—

That is our export and their import, of course—

of U.S. agricultural products and thereby gain for American farmers the opportunity to compete in foreign markets on the basis of their productive efficiency.

Since the enactment of the Reciprocal Trade Agreements Act in 1934, the Grange has consistently supported the principle of expanding international trade through trade agreements.

We must not lose sight of the fact, however, that the fundamental purpose and objective of the trade agreements program is to expand trade multilaterally among the free nations of the world on the basis of economic efficiency, comparative advantage, and proper allocation of resources through a lowering, and where possible, the eventual removal of barriers to trade.

Such a policy must, of course, be permitted to operate for agriculture as well as for the industrial sector of the economy.

In this connection, we have been gravely concerned over the proposals of the European Common Market countries to increase their import-control measures against U.S. agriculture commodities.

Such controls take various forms, including duties, variable import levies, import licenses, equalization fees, quotas, minimum gate prices, and similar measures designed, either to exclude our agricultural exports altogether, or to price such products of ours above their own domestic prices.

They would thus relegate the United States (and other exporting countries) to positions of "residual suppliers" in the European market.

The almost certain result would be not only the substantial impairment of the current export market of well over \$1 billion per year, but we would also lose the opportunity to achieve a potential market of more than twice that amount in the Western European area.

Restrictions came into being and were tacitly accepted by the United States following World War II because of the dollar shortage which existed in those countries at that time.

Today, however, the Common Market area comprises the greatest industrial complex in all the world, and the dollar shortage no longer exists in many nations.

On the contrary, their gold and dollar positions are sound, and their currencies are strong. Rather than being increased, as proposed, therefore, these restrictions should be reduced or eliminated entirely.

We believe that a unified Europe is highly desirable, but with this unification there must be displayed on the part of the members of the European Economic Community a deeper and stronger feeling of the responsibility they have for liberalizing trade in agricultural commodities from the United States—the items on which we are competitive—

as well as on the industrial items on which they are competitive and which they are exporting to the United States.

Broadening trade opportunities fairly will do much to strengthen the total resources of the Atlantic Community.

Much has been said about the benefits of increased competition as a means of increasing productivity and economic growth. We in agriculture recognize these principles fully. We also recognize, however, that the Common Market proposals are designed to eliminate competition by depriving U.S. agricultural commodities of fair market access for the very reason that they are competitive. This is not trade liberalization, it is trade nullification.

Moreover, such a policy is contradictory of and repugnant to the basic principles of the General Agreement on Tariffs and Trade and to the foreign economic trade policy which has been so painstakingly built over the past 25 years, and which the measure before the committee will further implement and expand.

Article XXIV, paragraph 4, of the GATT recognizes that customs unions should facilitate trade and should not be used "to raise barriers to the trade of other contracting parties."

Paragraph 5 of article XXIV provides that customs unions should not, with respect to GATT members, impose duties or other regulations which are on the whole higher or more restrictive than the general incidence of the duties and regulations in effect prior to the formation of such a union.

The concept of customs unions or so-called common markets, as envisaged by GATT, is that such customs unions or common markets are to serve as instruments to expand and broaden trade, not to contract it.

It must be recognized, however, that while customs unions may be beneficial to this end, they can also be destructive of trade. The proposals under the Common Market with respect to trade in agricultural commodities generally contravene the letter and spirit of the General Agreement on Tariffs and Trade and the fundamental concept of liberalizing trade on the basic economic principle of comparative advantage.

The Common Market proposals with respect to agriculture generally will not only sharply increase existing tariffs, but they will employ restrictive measures which will permit the complete preemption of the market to the exclusion of American farm products regardless of how competitive they may be.

Thus, we have protectionism by group or block action, which is potentially far more detrimental and dangerous than when employed on an individual country basis.

This, Mr. Chairman, I think is the major point we want to make in our statement before the committee. The President should have whatever powers as are necessary to bargain effectively and to make it clear that the United States will seek access for our agricultural products on reasonable terms as a condition to access to the U.S. market for the competitive goods of foreign countries.

Though the six countries which negotiated the Treaty of Rome which established the European Economic Community solemnly assured the other contracting parties to the GATT that the principles of the

general agreement regarding customs unions would be observed and that any treaty agreed upon would be submitted for consideration of the contracting parties in the period after its signature, but before its ratification, this procedure was not followed, and the decision of the contracting parties as to the status of the Rome Treaty under the GATT was postponed, and has not been taken, to our knowledge, to this day.

I would like to say with respect to the questioning of Senator Douglas a moment ago, that these Common Market proposals with respect to agriculture adopt protectionism as a permanent policy and are far different from temporary policies which may, of necessity, have to be employed, either in the Common Market area or employed here, for the restriction of imports where domestic production is being curtailed to prevent the accumulation of surpluses, or where such surpluses already exist and must be reduced and liquidated.

Of course, there are other reasons, but the major point I want to make before this committee now is that some of the protective devices which the Senator from Illinois understands exceedingly well, I just would like to point out here, some of the protective devices that were alluded to in the questioning a moment ago, we regard as being a temporary device in relation to an existing policy in this country, and I am trying to say that our opinion, these are entirely different in category and concept from the more permanent devices with which we think we are coping at the hands of the Common Market countries.

Protectionism as a permanent policy, however, in our view, cannot but cause increasing frictions among the nations of the free world, which will result in a general weakening of their unity of purpose in strengthening the economic position of the whole free world.

Under these circumstances, it is the view of the Grange that in negotiating further with the Common Market area we should make no concessions on other items until the issue involving American agriculture is resolved. We are very apprehensive about piecemeal bargaining and would like to see the whole package taken into account at one time.

Unfortunately, we don't believe this always has been done. We believe that as stated by the Secretary of Agriculture in his testimony before the House Ways and Means Committee on this bill:

We must try to make certain that any "swap" with them includes assurance that reasonable terms of access will be provided for our agricultural products.

That is the quotation from Secretary Freeman.

Through the very high degree of efficiency and productivity per worker which it has achieved, U.S. agriculture has demonstrated its ability to compete effectively, under equitable circumstances, in the markets of the world.

It should, therefore, be clearly apparent that our highly efficient agriculture is potentially one of the best possible sources of earning foreign exchange in a competitive trade, and that a wise and equitable trade policy for U.S. agriculture will contribute materially to maintaining the stability of the U.S. dollar.

The free world needs a strong United States if it is to prevail in its ideological struggle with world communism. The United States cannot be at its maximum strength if its agriculture is shut off from

access to the markets of the rest of the free world on an equitable and competitive basis.

Trade on the basis of comparative advantage, on the other hand, cannot but immeasurably strengthen all of the nations of the free world in their common purpose of providing maximum opportunities to their peoples in free and independent societies.

It should also be borne in mind that, notwithstanding its great efficiency and productivity, agriculture as a segment of our national economy has long been in persistent, chronic depression.

It is, therefore, imperative that in building our fundamental trade relationships with the rest of the world we, as a nation, must take particular care to avoid commitments which will further depress our agriculture.

Acceptance of the proposals of the Common Market countries with respect to agriculture would be costly to American agriculture. The cost would be greater as the result of secondary impact because such policies would spread through the rest of the world. This spread, in our opinion, would be certain to follow our acceptance of such Common Market proposals.

Both the message of the President to the Congress and the testimony of the Secretary of Agriculture before the House Ways and Means Committee on this measure reflect the intention that our trade expansion program should be designed to work effectively and equitably for agriculture as well as for the other segments of our economy.

It is of the utmost importance, therefore, that guidelines be established and authorities be granted to the President in the implementing legislation to enable him to carry out this express intention with respect to agricultural, as well as other, commodities and products.

We must make certain that our negotiators at the bargaining table are armed with whatever powers may be necessary to gain access for the products of American agriculture to the Common Market as well as to the other countries in the free world. We concur in the statement previously made to this committee that unfortunately, we fear, our negotiators have already lost a great portion of their bargaining power, and this is why we emphasize this particular point.

These powers must include the same type of powers and authorities which may be used against American agricultural products. To fail to recognize that the member nations of the European Economic Community will be consistently looking after their own best interests, as they see it, is to invite a rude shock. They will do exactly that.

To fail, on the other hand, to serve notice that we intend to do likewise, is to invite injury, if not calamity, in agriculture and perhaps in other segments of the American economy.

As a matter of fact we recently entertained six members of the Senate of France, including the Vice President of the Senate, and in our discussion with these distinguished gentlemen from France, we raised this very question, and the Vice President of the Senate answered us very forthrightly and said: "Your level of exports into the Common Market countries depends entirely on price as related to our responsibility to our own agricultural producers in the European area."

Now there isn't any question about their intention on this thing, and there should not be very much question about ours when we go to the negotiating table.

If whatever competitive advantage we may have in agriculture is to be offset and made ineffective by gate prices, variable levies, equalization fees, and similar measures, our negotiators must have the same type of powers and authorities to exercise against the goods of the Common Market countries on which they may have the competitive advantage, mostly industrial items, as we see it.

Without equal bargaining powers, our ability to negotiate will be ineffective and it is unlikely that we will be able to gain fair treatment for our agricultural exports.

Our study of the provisions of the bill leaves us with grave doubt that adequate bargaining power will have been placed in the hands of the executive branch of the Government for use at the negotiating table.

We believe that the time has long since passed when we can equivocate on the matter of fair treatment for our agricultural products by the Common Market countries. We agree with the Secretary of Agriculture that fair access to their agricultural markets must be a part of any tariff and trade package which may be negotiated.

A hard and realistic policy on our part must be adopted if we are to gain reciprocity and trade integrity for our agricultural commodities. To make certain that liberalized trade policies will be achieved, this legislation must provide the policy guides—the powers to the President—and the responsibility for achieving the objectives of trade liberalization.

In our opinion, such additional statutory guidelines and authorities are not only essential to assure the availability and utilization of remedies where necessary to combat actions in restriction of our trade which may be taken by other countries in violation of the provisions of the GATT, but we would hope that their very existence, as I think Mr. Brinkley attempted to point out, may be sufficient deterrent to any such actions being taken and that there would be no need to resort to actual counteraction.

We urge therefore that the bill be amended and, as I said, Mr. Chairman, we are prepared to submit amendments for your consideration, to give the President the power to impose increased duties, as well as minimum gate prices and variable equalization fees on those products in which other countries may have their greatest competitive advantage, so as to be available for use where similar devices are employed against our American agriculture in which we have competitive advantage.

Only if we arm him with powers comparable to those at the disposal of our competitors, will our President be in a position to insist that the liberalization of trade is balanced, that liberalization of policies for certain segments of the economy must not be achieved at the expense of agriculture or of any other segments of the economy, that the pattern of trade should increasingly reflect the comparative efficiency of production, and that wise economic use of resources, abilities, and capacities in and among nations be permitted to influence, and finally to determine, trade flow.

It is clear to us, Mr. Chairman, that the authority sought in H.R. 11970 must be granted.

We simply point out that there must be greater bargaining power likewise provided in this same legislation.

The CHAIRMAN. Mr. Newsom, I want to commend you on making a very clear and able statement, as Mr. Brinkley did before you.

You mentioned the fact that the President should be armed with the power for these negotiations that will protect American agriculture from the various restrictions that are now being imposed by other nations, and you indicated, I think, that the past negotiators did not do a good job of protection, am I right about that?

Mr. NEWSOM. I didn't intend to say exactly that. I said that, or I tried to say that, the circumstances then were complex and in a different framework than they are now.

There were other matters that perhaps justified some of what we now regard as abuse to agriculture to which we have made reference, but on the whole, I am simply trying, Mr. Chairman, to say that in light of the circumstances as we see them now, we have lost some of the bargaining power that we need badly right now.

The CHAIRMAN. Well, what agency of the Government would you suggest undertaking these negotiations, because, after all, the President, while we may give him the power, he hasn't got the time to give his personal attention to it.

Would you suggest a continuation of the agencies or agency that up to this time have or has conducted these negotiations or do you prefer a new setup?

Mr. NEWSOM. Well, Mr. Chairman, I would say to you that I am not sure that I am competent to answer that too exactly. I frankly feel that our negotiating teams at Geneva and also at Brussels and elsewhere have done fairly well in terms of what they have had to work with. I would yield to our own associate counsel, if he wanted to further answer that question now. I am not sure that I find any fault with the existing line of authority and responsibility in these negotiations.

I think we have caught ourselves, our negotiators in the past, have caught themselves in the framework of existing emergencies that have great national importance to the United States, and that had to in some cases perhaps overshadow some of the considerations that we think are most important now.

That is all I am trying to say.

The CHAIRMAN. The only solution, then, that you suggest is to give the President more power.

Mr. NEWSOM. I frankly am apprehensive about having to make that kind of a suggestion, Mr. Chairman. But I feel from talking with some of our European friends that we simply have to recognize the danger that we feel some of these devices are to us, and there is no other way that I know anything about, nor do they apparently know of any other way to reconcile their different policies within Europe as they must eventually do.

I am frankly much more concerned about the initial impact of this development than I am of the long-term impact, although I think there are dangers in both fields.

What I am saying is that in the kind of a world in which we live, where trade blocs within the free world are necessarily developing because of the compulsion imposed on the free world by the existence of a Communist bloc, I believe that it is safe to say that we don't know of any way to effectively combat the situation except to grant

the authority that is proposed in this legislation, and the even greater authority that we suggest in terms of bargaining power to meet this situation.

The CHAIRMAN. You are satisfied with what has been done in the past with respect by the negotiators?

I have heard from different sources that it was thought they were not forceful enough in protecting American agriculture and industries. Then you speak of guidelines—do you mean setting up guidelines by legislation?

Is that consistent with giving the President a free hand?

Mr. NEWSOM. I think, Mr. Chairman, it is entirely consistent. Maybe I have not made my point clear in reference to guidelines here.

What we are trying to say is that we believe it is up to the Congress to lay down specific guidelines and principles which must be followed but that I think we cannot avoid granting authority to make decisions within the framework of those guidelines or we will not make the progress that we think we have to make under these circumstances.

The CHAIRMAN. I must confess, notwithstanding my greatest admiration for you and the Grange and I happen to be a member of the Grange, I think there is some inconsistency there.

You want to give the President a free hand and then want to have guidelines to guide him as to what should be done, I don't exactly follow that.

Mr. NEWSOM. Well, Mr. Chairman, let me say we have long been proud to claim you as a member.

The CHAIRMAN. You say you have broad guidelines in the bill, but if you put any specific guidelines, I think there will be some conflict.

If you will permit me to make a personal reference, for 50 years I have had experience with exporting apples to foreign countries. I have exported to as many as 10 countries, maybe more; and when I started in the apple business about 50 years ago, our sole trade at that time from my particular area was in Europe, especially England.

Then when England went off the gold standard in 1931, I think it was, and devalued the pound our exportations were greatly reduced.

I well know of all these different restrictions, and I am not speaking of my personal business alone; I think it is very vital to American agriculture that those who negotiate, take in consideration the condition of agriculture as well as manufactured products. The negotiators will have to do both, agriculture is just one part of it.

Mr. NEWSOM. We thoroughly agree.

The CHAIRMAN. Senator Douglas has very ably pointed out the three cases—wheat, wool, and cattle—where we ourselves have put up restrictions, and perhaps there are some others.

So, I am a little confused as to the improvement that you would expect to merely give to the President greater authority. He has had very substantial authority up to this date and I am not speaking only of this President. I am speaking of the various Presidents.

Incidentally, I may mention that I made my maiden speech in the Senate in 1934 in support of the reciprocal trade program, and I

have taken a great interest in it. I have handled two bills, I believe, as chairman of the Finance Committee. But if you are going to get results, I am not entirely certain that we are going to be able to use the same machinery, so to speak, as we have used in the past.

I think we may consider whether there should be another setup. Let me say this, and I say it with no criticism intended, I think the State Department has been more concerned at times with diplomatic aspects than with protection of American interests.

Do you share that feeling or not?

Mr. NEWSOM. Well, Mr. Chairman, I think that the seeming differences between what you have said and what we have attempted to say could be ironed out very readily.

First of all, I don't think there is any inconsistency in our principle of asking that definite guidelines be laid down to guide the negotiators and that they also be given authority that I don't think the administration has ever had in terms of raising trade barriers, which we believe, where there is an essential part of wise negotiation.

On the matter of what the State Department people have done from time to time, I would join you as an American farmer in saying that to my point of view, it has often looked as though they have put foreign relations problems in a higher category than they have our economic well-being.

But I would say to you frankly, that I am not too sure that had you or I been charged at the moment with the necessity of relieving political tensions we might not have been tempted to make some of the same decisions.

I am saying that this is all a part of the framework which is more complex even than it was when you made your maiden speech in the Senate, sir, and I believe that we do have to recognize that some modification of authority and of guidelines for our negotiating teams may be very important and well taken at this time.

The CHAIRMAN. I don't fully understand how you feel about it, but I have thought that reciprocal trade agreements should be reciprocal. I didn't think they should be primarily designed for other State Department purposes.

We have spent up to this date, I believe, about \$80 or \$90 billion in foreign aid. That was to make friends and combat communism all over the world, I assume.

Congress has never intended that reciprocal trade agreements should be used primarily as tools of diplomacy. But I realize that the international trade situation has changed and is changing.

It seems to me that the question of tariffs should be on the basis that we increase our trade with foreign nations, but I emphasize that we have to have exports as well as imports.

Consideration of international trade must be along the lines of business operations more than on the question of whether we want to keep some nation from going communistic or whether we want to please the head of some country or something like that.

That is just my feeling about it.

Mr. NEWSOM. I have no disagreement with what the chairman has said at all. I would only like to add that from time to time we have availed ourselves of opportunities to discuss some of these problems

vigorously with appropriate people in the State Department, and while we have not always found them as receptive as we think they should be, I have become convinced of one fundamental fact, and that is that we do not do as good a job in agriculture either nongovernmentally or governmentally of making the people in the State Department charged with these responsibilities as thoroughly aware as I think they ought to be of some of the consequences of decisions that have been reached.

The CHAIRMAN. I say it is not only in agriculture. It is all other business.

The State Department has certain fundamental and basic functions, and the Secretary of Commerce, has other basic functions, along the lines of business. I am not making this as a formal suggestion at this time but I would like to see more consideration given to American business in our negotiations relating to international trade, because the exports are extremely important to this country.

If we lose our exports we will have an imbalance of world payments. This would be very destructive to us, and thereby reduce our ability to fight communism in the world. It would look to me as if trade agreements ought to be considered from a business standpoint, and with a purpose of maintaining the financial solvency, and welfare of this country, rather than as a measure to influence this or that nation to remain out of the Communist bloc or some other such purpose. I am inclined to think that instead of using the State Department as has been done in the past, there ought to be some other setup which would give primary consideration to preserving the progress and the financial stability of our own country. If we don't do this, we are not going to be able to fight communism, and continue to spend these vast sums of money all over the world as we are doing now.

It seems to me that the aid expenditures should be sufficient without trying to make friends by granting tariff advantages which are adverse to our own people.

Mr. NEWSOM. I agree with you thoroughly again, Mr. Chairman, and I would point out that I have no definite suggestion to make to this committee on this point, but when we have made exactly that same sort of plea on behalf of agriculture, and have been aware of the same sort of plea on behalf of other business of this country at the State Department, we find that their excuse, and I don't know but what maybe I should say it is a reason, but to me it sounds like an excuse from time to time, is that they do not feel that it is wise for very many of us to know of the intimacies of these negotiations and considerations because only those people who have been in classified status are entitled to know about it, and this puts some of us at a very great disadvantage in trying to guide and influence these negotiations.

I am sure that a lot of us would not abuse that position if we were in that position.

I am partially at least aware, sir, of the very point you are making.

The CHAIRMAN. I know you have given great thought to this question as Mr. Brinkley has done. You have indicated this by your statement. Do you believe that we should continue the same machinery for these negotiations that we have had in the past?

I think there should be a change.

Let me say this further: We talk about crises, and we have had some. I have been in the Senate for 30 years and we have had one crisis after another.

There may be a crisis involved with the Common Market because perhaps the ablest nations in the world will presumably form the Common Market, excluding ourselves. And if they become self-sufficient among themselves, and thereby find it unnecessary to have imports from other countries, such as ours, that would be a very serious situation for us.

This may be a crisis, as the years go on. Nobody knows exactly to what extent these nations will be able to produce in agriculture, produce in industry to the extent that they are not dependent on purchases from us or from any other nation, and I think we ought to do all we can to assure continuation of our exports or increase them to this particular bloc of nations.

I think it was said yesterday that exports to nations within the Common Market totaled about \$4 billion and about \$1 billion of that is in agricultural products. A part of this is the apple business and this is important to the business because it takes off the top of over-production.

I use apples because I know about them. If you export a certain amount of apples, that relieves the market in this country.

Last year we had a very good export trade, one of the best we have had for years. There was a drought over in Europe.

Of course, that won't continue.

But there would have been a surplus of apples here if we hadn't been able to make those exports.

I am making the point that even though the exports may not be very large in any particular commodity, they may relieve the market here because agricultural products, as you know, are based upon supply and demand. I might add for the record that the apple business has had no subsidies; we have no Government controls. We have made our own way the best we could.

I think it is imperative that, in these negotiations, we should be represented by those in sympathy with the fact that we have got to maintain our exports. As one who voted for reciprocal trade in the beginning and ever since, I think we have gone far afield at times by using the power granted to the President in ways other than for promotion of reciprocal trade between ourselves and other nations.

I don't know whether you agree with that or not, but that is my belief.

Mr. NEWSOM. I am inclined to say that I do agree. I am at least tempted to agree entirely. But I have tried in my own thinking, Mr. Chairman, to make allowances for some of the compulsions that this Nation of ours has faced in recent years.

Let me just say to you that I would like to make the record clear that I did not say that we are opposed to any change in the framework of negotiations. I am only saying that we don't have any specific change to suggest.

We think that it may be necessary for us to recognize a new kind of relationship with the rest of the world in the matter of rank in a similar manner to that which was necessary a few years ago when we had to

create a five-star general, I think, to have comparable rank with foreign military people. I think without any reflection at all on the intentions and the caliber of our negotiators we have quite often put them in positions where they have been outranked by representatives of other countries and I am not sure that this may not have contributed to some of our problems.

The CHAIRMAN. Thank you very much, Mr. Newsom.

Senator WILLIAMS. Mr. Newsom, I want to congratulate both you and Mr. Brinkley on the constructive suggestions you have made here this morning.

As I understood your statement when you suggested that we give the President more power, it was not exactly that we give him more power in a loose term. The bill provides that we extend to the President the power to cut these tariffs, and as I understood it, your suggestion was if we are going to give him the power to cut the tariffs or eliminate the tariffs that we should also arm him with the authority where he could raise these tariffs if necessary, and then when we sit down as a negotiator with these countries, we could say that, "If you don't give us some concessions in some of these areas we may have to withdraw some of the previously granted concessions which we have given."

Mr. NEWSOM. That is it precisely, assuming you are using the term "tariff" in its broad concept as including all types of import controls.

Senator WILLIAMS. That was my understanding, and I must say that I agree with that point because I think that, in many of our cases, we have perhaps bargained away our advantages and if we are going to approach the negotiations with the basis that they can keep all of our previous granted advantages and have nothing to lose, we are not at such a strong point because is it not a fact that since the Common Market has been established they have increased tariffs substantially on many of our agricultural commodities?

Mr. NEWSOM. You are referring primarily to the beginning of the operation of the European Economic Community as of July 1?

Senator WILLIAMS. Yes, that is right.

Mr. NEWSOM. Yes. That certainly is an established fact, and my only additional comment is that this, perhaps of necessity, had to take place in the initiating of the operation of their common community, and this is another reason why I think that the only recipe we know of to cope with this is to place increased authority to raise import restrictions as well as to reduce them in the hands of the executive branch of Government.

The CHAIRMAN. Will the Senator yield at that point?

Senator WILLIAMS. Yes.

The CHAIRMAN. Tariffs are just one part of this thing. There are all kinds of restrictions—

Mr. NEWSOM. That is right.

The CHAIRMAN (continuing). That are placed upon the importations.

Mr. NEWSOM. Yes, sir.

The CHAIRMAN. For instance, in apples there are only certain months of the year.

Mr. NEWSOM. That is right.

The CHAIRMAN. Only certain varieties and all that, and that interferes as much with the exportation and free trade, so to speak, as the tariffs do, sometimes more.

Mr. NEWSOM. As the chairman well knows, they have a device where they can establish gate prices when they need them, and eliminate them at other times.

The CHAIRMAN. Then practically all of the European nations now put quotas on us. I mention this because I happen to know about it.

Mr. NEWSOM. Yes, sir.

The CHAIRMAN. So tariffs are just one part of this.

Mr. NEWSOM. That is right.

Senator WILLIAMS. I agree with the chairman on that, and I think we both agree, we were speaking of tariffs in a broader sense and perhaps it would be better to say, "restrictions in trade," whether they be the variable fees, tariffs, or the minimum gate prices or quotas or whatever they may be, they are restrictions in the trade and I think we all recognize that these countries do have a problem in their agriculture, and I respect the negotiators of those countries in approaching the bargaining table with the thought of protecting their industries and their agriculture.

But I think at the same time our negotiators, when they sit down at the table, should recognize that their primary responsibility is to protect American agriculture and American industry.

Mr. NEWSOM. Not only recognize it but make certain that the other people recognize it.

Senator WILLIAMS. That is the point, make certain that the other people recognize it and insist upon it, and I think you put your finger upon one of the points upon which maybe we have been lax in the past, and I agree it doesn't do much good to go back and talk about the past, but maybe we haven't always put our first team in the field when we sit down to negotiate.

We send our second-rate team sometimes, and I personally think that the Secretary of Agriculture should have more of a voice in the negotiations that are going to affect agriculture. I think the Secretary of Commerce should have more to say in negotiations that are going to affect American industry, and that their recommendations should be listened to, and considered, and weighed heavily, if not accepted, rather than the State Department being able to sit back and say, as has been pointed out: "We must make these concessions because we want to maintain friendly relations."

This is not a place we get friendly relations only, and I agree with him, of the points that you have raised here, I think that this bill should be amended to where these countries would at least be put on notice that the free and favorable treatment which they presently enjoy on many of the products which they can make to competitive advantage to ourselves, but they cannot expect a continuation of those unless in turn we get something either in agriculture or in industry but at least in those lines in which we are more competitive than they are.

Mr. NEWSOM. I thoroughly agree with everything that you have said.

Senator WILLIAMS. I appreciate that.

I understand you are going to furnish to the committee your suggested amendments to the bill and I shall be interested in examining those and I am sure the committee will.

I thank you.

Mr. NEWSOM. We will be delighted to do that.

The CHAIRMAN. I would suggest, Mr. Newsom, if you could, to give some specific recommendations as to what agencies would handle it, or how these negotiations should be handled. It seems to me that is an extremely important factor in all of this legislation.

Mr. NEWSOM. We will try to go immediately into conference among ourselves on that particular question. We have discussed it a little but frankly we haven't reached any conclusions as to how we can improve that and we will try.

The CHAIRMAN. I believe it is a very important portion of the bill under consideration in view of the Common Market.

Mr. NEWSOM. Yes, sir.

The CHAIRMAN. Thank you, Mr. Newsom.

Mr. NEWSOM. Yes, sir.

(The amendments subsequently submitted follow:)

AMENDMENTS TO H.R. 11970 SUGGESTED BY THE NATIONAL GRANGE

1. Page 2, line 1, delete section 102 and substitute in lieu thereof the following:

"SEC. 102. Statement of purpose

"The purpose of this Act is, through reciprocal trade agreements affording mutual benefits, to stimulate the economic growth of the United States and maintain and enlarge foreign markets for the products of United States agriculture, industry, mining, and commerce, (1) by strengthening economic relations with foreign countries through the development of open and nondiscriminatory trading in the free world, (2) by assisting in the progress of countries in the earlier stages of economic development, and (3) by preventing Communist economic penetration."

2. Page 2, line 16, insert the word "reciprocal" before the word "trade".

3. Page 2, line 20, strike the words "any of".

4. Page 2, line 21, strike the word "purposes" and insert in lieu thereof the word "purpose".

5. Page 3, line 13, add a new subsection (c) as follows:

"(c) Nothing herein shall be deemed to authorize the entry into an agreement which repeals, modifies or limits the application of any provisions of law other than those relating to duties or import restrictions authorized under the Tariff Act of 1930, as amended."

6. Page 18, line 18, substitute a comma in lieu of the period and insert the following: "except those countries which impose import restrictions within the meaning of section 252."

7. Page 18, line 20, strike the word "unjustifiable".

8. Page 10, line 0, substitute a comma in lieu of the period and insert the following: "unless such action is necessary to carry out the purpose of section 102."

9. Page 10, line 11, strike the word "unlimited".

10. Page 10, line 11, strike the word "substantially".

11. Page 10, line 16, strike the words "unjustifiably restricting United States commerce" and insert in lieu thereof the following: "which impair the value of tariff commitments made to the United States, oppress the commerce of the United States, or prevent the expansion of trade on a mutually advantageous basis."

12. Page 10, lines 17 and 18, strike the words "that such action is consistent with the purposes of section 102" and insert in lieu thereof the following: "necessary to remove such restrictions against United States commerce".

13. Page 10, line 24, substitute a comma in lieu of the period and insert the following: "and

"(C) impose such import restrictions on the products of such country or instrumentality as are necessary to obtain the elimination of such trade restrictions, acts or policies."

14. Page 20, line 2, strike the word "unjustifiable" and insert in lieu thereof the word "such".

15. Page 26, line 17, add a new subsection (g) as follows:

"(g) Nothing in this title shall be deemed to repeal, modify or affect any provision of law not specifically referred to in this section."

The CHAIRMAN. The committee will recess until 2:30.

(Whereupon, at 12:15 p.m., the committee stood in recess to reconvene at 2:30 p.m. the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

The first witness is Mr. Vernon Ferwerda, the National Council of the Churches of Christ. Take a seat, sir, and proceed.

STATEMENT OF VERNON L. FERWERDA, NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE U.S.A.

Mr. FERWERDA. My name is Vernon L. Ferwerda. Through your courtesy, I am pleased to testify here on behalf of the National Council of the Churches of Christ in the U.S.A. on the basis of its official policies and by authorization of its appropriate officers. I am currently chairman of the Government Department at Trinity College, Hartford, and a member of the Department of International Affairs of the National Council of Churches.

The National Council of Churches has as its constituent bodies 33 Protestant and Eastern Orthodox communions, which have a total membership of approximately 40 million persons. While of course I do not presume to speak for these 40 million individual church members, the views which I am presenting were adopted after careful study, discussion, and deliberation by the official representatives of the constituent communions.

May I also call attention to the fact that the Council for Christian Social Action of the United Church of Christ wishes to associate itself with this testimony.

THE COMPETENCE OF THE NATIONAL COUNCIL OF CHURCHES TO SPEAK ON TRADE POLICY

The National Council of Churches believes it has a responsibility to adopt and make known a position on international trade policy. The achievement or failure to achieve the great Christian goals of dignity and worth of the individual, the brotherhood of man, and world peace is dependent not only on the behavior of each of us as individuals but also on group action, including governmental policy, which is therefore a matter of Christian concern.

Governmental policy toward international trade has an important bearing on the relations of people and of nations. What happens to people and nations and the world community because of the economic facts of life are matters of concern for religious faith and values.

In such matters the churches have a particular interest and competence.

In arriving at its position the National Council of Churches has brought to bear a number of special elements of competence. First, the churches through their worldwide stationing of workers in missions and service enterprises have access to firsthand knowledge of the effects of international trade policy on people in many countries.

Second, in the worldwide cooperative work among different church communions, notably through the World Council of Churches and its Commission of the Churches on International Affairs, Christian groups in more than 50 countries meet in periodic international conferences, and carry on continuing contacts in which views are exchanged with respect to the mutual impact of the foreign economic policies of nations.

Third, the National Council of Churches has special departments devoted to economic life and international affairs. In these departments outstanding Christian laymen who are qualified in various related fields of specialization are regularly brought together to consider important current issues and to develop policy statements which represent both the general concerns of the churches and the best informed judgment of laymen who are particularly competent in the matters under consideration.

CONTINUING INTERESTS OF THE CHURCHES IN EXPANDING TRADE

The churches through the National Council have consistently taken the position that promoting the economic health of the world will help to create the conditions of peace, and that to promote economic health in the world, trade policies should be sustained and dependable, should aid economic stability and progress in each nation, should be mutually advantageous through increasing international exchange of goods and services, and should lead to the elimination of excessive trade barriers.

As evidence of the long-standing and continuing interest of the churches in international trade policy, the following 1951 statement of the National Council of Churches is worth noting:

Peace among nations and trade among nations are interrelated, for the first requires and the other aids economic stability and progress in each nation. As a country of unique economic strength, the United States should adopt on the national level, and support on the international level, policies which will be mutually advantageous through an increasing exchange of goods and services * * * (The National Council of Churches Views Its Task in Christian Life and Work, May 1951).

THE INCREASED IMPORTANCE OF TRADE POLICIES AND PROGRAM WITH CHANGING PATTERNS OF ECONOMIC DEVELOPMENT

The challenge of the developing European economic groupings and the opportunities they present for the United States and other areas of the world make it important to reexamine the basic principles which should underlie our trade policy.

We need to face the further challenge of the developing countries in this time of rapid social change, the Communist economic initiative, and new issues posed by the growing economic interdependence of the world.

At the beginning of this new era, the National Council of Churches made an important declaration on some hopes and concerns of the churches in the nuclear space age:

The present crisis with its dangers and opportunities, while partially military and scientific, is also educational, political, psychological, economic, diplomatic, and cultural. Even more fundamentally, it is moral and spiritual.

In terms of the urgent need for nonmilitary actions by our Government in these days, and especially concerned with political and economic policies, this statement declares:

We must take fuller account of the revolutions of rising expectations among newly developing areas for more freedom, dignity, independence, and a fuller share in the control and the benefits of modern industrialization.

We must recognize that questions are now raised as to the adequacy of United States and other free nations and systems not only in science and know-how but also in economic and political leadership. We believe our Nation must react not defensively but in constructive policies and programs to demonstrate the values of our society in economics, political procedures, and human values. We must avoid, however, attempting to impose our ways on other peoples, and we must encourage their developing of their own ideas and institutions for human good.

We urge our Nation to take new diplomatic initiative in persuasive ways, making maximum use of the United Nations and its agencies, and working more sensitively and comprehensively through appropriate bilateral and regional means. Our coalitions must be strengthened in mutual efforts and sharing of concerns and knowledge, in reaffirmation of their relation to the United Nations and its purposes, and in increasing joint responsibilities for economic, political, and social well-being of peoples.

Our Nation, in partnership with others, we believe, should seize the present crisis as an opportunity to give increased moral and spiritual leadership to the world. In this we must avoid self-righteousness and moralism, but develop domestic and foreign policies and practices which will give more compelling witness to our fundamental concerns as a nation for human rights and human values, for independence and interdependence, for freedom and responsibility for justice and peace.

Spelling out more fully the nature of foreign economic policy which Christian faith and values and the international facts of life demand in these times, the General Assembly of the National Council of Churches in 1957 adopted a major statement on international aid and trade which declared in part:

OUR CHRISTIAN CONCERN

Oneness in Christ across the nations requires mutual aid and trade.

As Christians we feel compelled to give our special support to the further development of foreign economic policies of the United States which will reflect our interest in man's welfare in other countries as well as our own. We believe that constructive policies of international aid and trade are essential to the creation of conditions of peace with justice and freedom.

The natural wealth of the world and the capacity to transform raw materials into desirable goods are not evenly distributed among nations. Our own country is richly endowed and highly developed. Some countries may be able to produce many commodities efficiently but have serious shortages in other essentials. Still other lands have such a low level of production that most of their citizens live in poverty, disease, and illiteracy. These nations are all in our world and their people are all in God's concern. As Christians, we cannot help but be distressed by human misery and misfortune wherever it may be, and seek appropriate ways by private and public means to promote the welfare of our fellowmen.

INTERNATIONAL TRADE

Trade in goods and services as a cooperative effort benefits both buyer and seller. On the basis of the principle of mutuality, in our own interest and in

that of our neighbors, our economic foreign policies should seek expansion of trade. We believe that encouragement should be given industry to expand its international trade by constructive governmental policies * * *. We urge that * * * there be less emphasis on reinforcing trade barriers and more on expanding trade * * *. While advocating the strengthening and extension of * * * trade * * *, we are aware that some agreements may have certain local adverse effects. We hold, therefore, that as our Government adopts measures to strengthen international trade it should also approve programs of special assistance to areas, industries, and people adversely affected, to aid them in adjusting to the new conditions brought about in efforts for the larger good in an interdependent world.

TRADE BENEFITS US AND THE WORLD

It is important not only that trade among nations be expanded, but also that it be stable. Any significant decline in U.S. business activity would have serious repercussions abroad as well as at home. There will be specific benefits to our national economy because of policies which will increase trade, but, even more, we urge such policies because they can be of much greater benefit to other countries more dependent on trade. Most of all we support such policies because they represent an important element in the construction of international cooperation which is so essential to building a world of more justice, brotherhood, and peace.

IN SUMMARY

This assembly advocates balanced, expanding programs of international aid and trade to the end that in this interdependent world its various peoples, all created and cared for by God, may have a more abundant life, with more well-being, knowledge, justice, freedom, and peace.

The CHAIRMAN. Thank you very much, sir.

The next witness is Mr. John Hooker, Catholic Association for International Peace. Take a seat, Mr. Hooker.

STATEMENT OF JOHN HOOKER, CATHOLIC ASSOCIATION FOR INTERNATIONAL PEACE

Mr. HOOKER. Mr. Chairman, my name is John Hooker. I am head of the department of economics in the Catholic University of America, and I represent the Catholic Association for International Peace. We have a very short statement.

Within the context of Christian international social principles, the Catholic Association for International Peace supports the objectives of the proposed Trade Expansion Act. As far back as 1931, Pope Pius XI, in an expression of traditional concern for international common good, declared:

It would be well if the various nations in common counsel and endeavor strove to promote a happy international cooperation in economic matters by prudent pacts and institutions, since economically they are largely dependent one upon the other, and need one another's help.

This was most recently reasserted by Pope John XXIII in his encyclical "Mater et Magistra" as follows:

Individual countries, although advanced in culture and civilization, in number and industry of citizens, in wealth, in geographic extent, are not able by themselves to resolve satisfactorily their basic problems. Accordingly * * * they really consult their own interests only when they take into account at the same time the interests of others. Hence, dire necessity warns commonwealths to cooperate among themselves and provide mutual assistance.

CAIP speaks in this instance not only out of regard for the common good of the international community and considerations of inter-

national social justice, but also in the belief that the proposed Trade Expansion Act promises to redound to the economic benefit of the participating nations, including the United States. The emergence of the European Economic Community, or the Common Market, makes congressional reconsideration of U.S. foreign trade policy imperative. The EEC poses great danger and great promise. To avoid that danger and realize that promise, the United States must rethink and perhaps radically reorient its economic foreign policy.

Economic growth in the EEC has shifted the focus of power in the international economic community from the United States to West Europe. Their gross income and share of world trade have expanded considerably faster than ours. The United States is no longer the world's dominant trading area. If most of the European Free Trade Association nations follow the United Kingdom into the Common Market, the total trade of such an integrated bloc with the rest of the world will far surpass our own, and if the European economic bloc establishes restrictions on trade to limit benefits to its own members, the United States and the rest of the world will be at a serious economic disadvantage. As the internal European tariff walls collapse, U.S. exporters of both agricultural and manufactured products will find the common external tariffs progressively insurmountable. As a result, more U.S. businesses will undoubtedly evade the common tariff wall by establishing foreign subsidiaries, with adverse effect on our balance of payments, our domestic employment, and our economic growth. The time to adjust to the new West Europe is while this policy is still flexible. The alternative, protectionism, is no solution. It always invites retaliation, with the possible consequence of serious political rupture. In the present state of the world we should obviously do all we can to avoid the breakdown of the North Atlantic Treaty Organization and the Organization for Economic Cooperation and Development.

A liberal trading attitude to West Europe, on the other hand, offers positive opportunities. For one thing, it exposes the world's fastest growing region to heavy competition from our most efficient industries. These low-cost industries will not be hurt by foreign imports. On the contrary our low-cost industries will grow at least as fast as our high-cost industries shrink. U.S. exports to West Europe should rise in value faster than U.S. imports from it, helping to restore our balance of payments to equilibrium. At the same time, competition from vigorous European industries might stimulate the growth mentality of more American entrepreneurs, accelerating the growth of the U.S. economy. The result would be the more rational allocation of our resources, and improvement of our general standard of living. Such foreign competition in both import and export activity would also restrain inflation, whether of the demand-pull or the cost-push variety. Finally, closer economic relationships between the United States and West Europe will enable both to act more effectively toward the free economic development of the uncommitted countries of the world, and American initiative here will promote efforts to establish a supranational community based on principles of international social justice.

The United States is uniquely situated in world trade to negotiate agreements to accomplish these ends. CAIP therefore urges that the President be granted full authority to negotiate the elimination of trade barriers. We urge further that our most-favored-nation clause be retained so that the less developed countries of Latin America, Africa, and Asia, as well as Japan and the more developed nations of the Commonwealth, will benefit from the opening of United States and European markets.

Freer trade serves the common good of the United States and the international community, but domestic justice requires that unavoidable sacrifices be distributed as equitably as possible. Approximately 90,000 U.S. workers, representing two-tenths of 1 percent of total jobs in the United States, would reportedly be displaced in the next 5 years by rising imports of foreign products. Federal taxation to finance adequate adjustment assistance to owners and workers in injured industries is defensible. This does not exhaust the Nation's obligation to provide adjustment assistance to all those whose livelihood is impaired. The adjustment assistance program we envisage would be neither permanent, nor excessively circumscribed, no bureaucratized, nor paternalistic. It should seek to ameliorate genuine distress and facilitate productive transition. It should include loans and grants to enable individual companies to employ expert assistance in shifting to new types of production, extended unemployment compensation to workers laid off because of imports, and retraining and relocation allowances for such workers. Further, the spirit of social justice requires that private groups and individuals participate in these sacrifices. To avoid the entire burden falling only upon industries and workers who are adversely affected, management and labor must be willing to make adjustments of profits and wages.

Maintenance of resource mobility is essential to economic stability, growth, and progress. Economic adaptation means the steady transfer of natural resources, labor, and capital from lower productivity uses to higher ones. Internationally, such adjustment promotes integration and stimulates the process of specialization. Essentially the adjustment assistance program should purchase time for initiative, adaptability, and flexibility to develop. It should evoke efficiency, not reward laxity or incompetence.

In his encyclical "Mater et Magistra" Pope John XXIII states that the common good—

embraces the sum total of those conditions of social living, whereby men are enabled more fully and more readily to achieve their own perfection.

In his state of the Union message last January the President stated in similar vein that the several elements of U.S. foreign policy lead—

to a single goal—the goal of a peaceful world of free and independent states * * * a free community of nations * * * independent but interdependent, uniting North, South, East, and West, in our great family of man.

This expression of the universal solidarity of the human race is in complete accord with Christian social principles. Thank you, sir.

The CHAIRMAN. Thank you very much, Mr. Hooker.

The next witness is Mr. Oliver Williams of New York. Take a seat, sir, and proceed.

STATEMENT OF OLIVER WILLIAMS, NEW YORK, N.Y.

Mr. WILLIAMS. Mr. Chairman and members of the Senate Finance Committee, I am very grateful to have this opportunity to appear here. I am speaking from a personal point of view.

My name is Oliver Williams, and I live in New York City. I shall confine my remarks to 10 minutes.

Let us assume a break in the global race between freedom and absolutism, upon which we are spending half of our national budget. This break would be an offer by a desperate segment of the 600 millions of starving China to attempt revolution against communism, with an end to aggression in Indochina and the return of seized American investments—contingent upon our willingness to let their emancipation have an even chance to work.

This would mean that we would let China send us chinaware, rugs, tungsten metal, garments and so on, in unblocked sale for American roadbuilding equipment, trucks, powdered milk, and some of the wheat which is piled up in our expensive bins. Our reply would have to be "No," because of our tariffs and quotas.

One may say that this is just an idea. But this cold war in which we find ourselves is a war of ideas, and it is not a theory that China was our ally not many years ago.

HIGH-WAGE GOODS ARE HIGH-CAPITAL-CONTENT GOODS

Turning to the domestic side of the trade situation, we are confused about the fundamentals of enterprise and high wages, and we are misled by senile statistics. The most serious short circuit in our thinking is the assumption that it lowers our wage levels to admit articles produced by our poorer customers abroad.

This argument is used in many pleas for higher tariffs. We must inquire why it is that American wages are higher than wages in India, for example. If this is due to the fact that Americans can make many things which the Indians cannot, then we are lowering our wages down toward theirs if we copy their kind of work.

It is nationally stupid to take workers from a Detroit automobile plant and set them to making handmade baskets on a theory of compensating for the low wages of the handworker abroad. Yet that is the so-called scientific principle which was written into the tariff law of 1930 which was signed by Herbert Hoover and endorsed by Franklin D. Roosevelt—and followed by about 8 million unemployed men until we entered the World War in 1941.

This law, which was renewed with reductions in rates up to June 30 of this year, prescribed that if a tariff rate did not "equalize the cost of production" of the article between the United States and the leading competing country, that rate must be increased up to half of the rate.

Elaborate studies with public hearings and Presidential proclamations covered the comparative costs of producing live bobwhite quail and a list of other items.

To carry out the cost equalization theory to the letter would result in a near blockade: people trying to grow bananas in Vermont would find damage in foreign competition. A tariff would be placed

on them and the price would be "stabilized" at such a high figure that the fruit would become a florist's item.

The American advantage in producing certain things, and our superiority over a poor country like Korea, consists in the larger amount of capital used and our larger amount of capital bidding for each worker.

There is, for instance, \$33,000 investment per employee in our chemical industry. That is where trade comes in. The workers in the less-developed countries like Korea would like to have the American cotton cloth, school buses, fertilizer, and other things which they need.

They offer us their handmade articles in exchange. If we accept these it helps us to exert our advantage to the maximum: we can expand our high-wage, low-cost industry and they can enlarge their low-wage, low-cost system with rising real wages for both of us. Our mass production, doing business with the "masses production" of overseas producers could give the United States higher income levels as a byproduct of world leadership.

A corollary of this is that free trade would let us shift from low-wage to high-wage types of production. Harnessmaking, for example, underwent a beneficent shrinkage in the face of the invigorating automation of the automotive with its great new industries from road-building of concrete to petroleum refining. The Trade Expansion Act will do little good unless it helps us to displace intrinsically low-wage, labor-intensive production with independent, unsubsidized high-wage, high-capital-content output.

The danger is that there will be an amendment made to the law providing for continued tariff subsidy if any of the industries which we need to displace is threatened with injury. The bill may be saddled with a rider to kill the horse.

PROTECTION FOR HANDWORK DOES NOT BRING CAPITAL GROWTH

We are rightly disturbed because our 3-percent annual economic growth over a 10-year period is lower than that of 10 important countries and less than half of Japan's 8½ percent and Germany's 7½ percent. And unemployed capital such as the estimated 50 percent idle steel capacity points to a particular kind of idle men—the high-wage category.

Obviously there can never be much capital growth involved—but this is the type of production which we are forcing ourselves to expand by the uneconomic planning of the tariffs.

The efficient, mechanized mines of one of our distressed areas, West Virginia, could deliver coal to Germany cheaper than it can be mined with lower paid men in the Ruhr Valley, but trade barriers intervene.

The best illustration of how tariffs on handwork goods repress the expansion of capital-aided production is our wheat debacle. What cultivation is as much industrial as it is agricultural. Mechanics assembling tractors in a Moline factory or refining tractor fuel in Baton Rouge may be considered as much a part of the wheat process as the tractor operators on the land. But instead of expanding our capital in the most efficient setup in quantity in the farm world, we are spending \$4 billion a year to curb the crop, dump some of it abroad, and store the balance.

On a hungry planet the United States is marshaling an ominous state-planned economic retreat on the grandest scale of history, under the happy label of "Agricultural Stabilization and Conservation." Remove the barriers which separate the American farmer and his customers overseas, and our goal can be the salutary investment of new capital in farm machinery in amount sufficient to double the Nation's harvests.

TARIFFS ARE HIGHER THAN STATED

The official average rate of duty on dutiable imports is 12 percent. But this figure is a meaningless statistic, for only those duties which are actually paid are compared with the value of all dutiable goods which come in. Higher rates which achieved their purpose of keeping merchandise out of the country—these duties not being paid—did not enter into this so-called average. If all of our duties were so high—say 1,000 percent—that no dutiable goods came in, then this misleading "average" would be zero.

Another point about rates is that the consumer pays not only the nominal import tariff rate, but the markup on this. The duty paid at the port of entry becomes a component of the cost of the article which is subject to the regular markup for the wholesale and retail marketing expenses. Assuming a typical markup of one-half, and a tariff of 30 cents on a dollar of foreign cost, there is an increase in the price by the time the goods reach the shelf of the retail store, of the original 30 cents plus the markup of 15 cents—a "retail tariff rate" of 45 percent.

A FREE WORLD COMMON MARKET

If a family sold its furniture and the car in exchange for a pin, that would be a favorable balance of trade according to official statistics and common impression as applied to the Nation.

Unless we change our minds about this we may see the wreckage of our foreign policy. The Trade Expansion Act should provide for changing the designations "favorable" and "unfavorable" to simply "export" and "import" balance of trade. We cannot earn on many oversea investments unless we accept goods as dividends.

Did Captain Tudor impoverish Maine when he took pond ice to India and sailed back with a cargo of pepper and spice, tea, indigo, burlap, and silks?

The American taxpayer wearies of paying 4 billions or so each year to the underemployed nations, and it could be asked how much good it does to hand out an amount averaging only about \$2.50 per person. The Trade Expansion Act is inadequate to give work instead of a crumb of aid to these people who are so important to us.

Prof. Henry C. Simons wrote in *Economic Policy for a Free Society* (the University of Chicago Press), that—

American protectionism is the utterly unrealistic prescription for the future. Other nations will not follow our lead in the half-discriminatory, half-collectivist control which is tariff protectionism.

About half of the world's people live in what William L. Clayton and Christian A. Herter in their recent report to Congress, entitled "A New Look at Foreign Economic Policy," call the contested nations,

where the income of millions (and their pathetic output which scares us, too) is \$100 per year per person against \$2,500 for us.

In their words—

the immediate objective in the cold war is the control of the world. The struggle will be relentless, irreconcilable, merciless. Who can say people who have always been slaves to hunger will not put food before freedom?

In the spirit of a freedom for enterprise that is workable, around the world, let us summon our enterprise for freedom and pioneer and free world common market which is so common that there will be no barrier of the European Common Market against outsiders like Canada or the United States.

We can indulge in tariff crutches to pay price-escalator billions to industrial invalids, let their help gravitate to farms and factories which are nationally profitable. We can forfeit a low cost of living which would make it easier to pay taxes for defense, social security, and so on.

But we have no right to make liberty—a cause for which so many men have laid down their lives—an impossible thing in the world. Not foreign subversion but domestic subvention is our peril. Friends for freedom overseas are the only safety and our most valuable possession.

In conclusion, the Trade Expansion Act of 1962 unfurls one small sail to catch a breath of a great invigorating trade wind which is ours if we can take the waves. To the political right and left the surf breaks on the reefs.

The CHAIRMAN. Thank you, Mr. Williams.

The next witness is Mr. Aaron Schoen, American Fur Merchants Association.

Take a seat.

STATEMENT OF AARON SCHOEN, AMERICAN FUR MERCHANTS ASSOCIATION, INC.

Mr. SCHOEN. This is a statement of the American Fur Merchants Association, Inc., before the Senate Finance Committee on House Resolution 11970, July 25, 1962.

My name is Aaron Schoen. I am speaking in behalf of the American Fur Merchants Association, Inc., of which my firm is a member, which association, in existence more than 65 years, represents 85 percent of the exporters and importers of furs in the United States.

I am also authorized to speak for the Fur Brokers Association of America, Inc., of which we are members, which embraces most of the larger fur brokerage firms in the United States.

To try to sell the fur trade on freer trade and trade expansion is like trying to induce a baby to drink its mother's milk.

We were nurtured on free trade, we have grown strong on free trade, and we do not intend to desert it now.

To discuss the many fine points of this bill would, therefore, be needless. Let us proceed immediately to those particular aspects which we feel requires special thought and consideration from you.

First, our own particular trade viewpoint: We feel enthusiastic not only about free trade with the Common Market, but free trade anywhere, as the best salve to use on international irritations.

In that connection we feel that it would be wise to extend free trade as far as possible, yes even to the Communist nations, but only where the military or political or general—and I emphasize general—economic interests of the United States would not dictate otherwise.

Our interests do so dictate with Red China where all merchandise, including furs, are embargoed. The fur trade does not whimper at this.

The situation on the seven forbidden Russian furs, ermine, fox, kolinsky, marten, mink, muskrat, and sable, is quite different. This nonsensical rider on the 1951 trade bill was enacted in all unfairness, without notice and without hearings.

Even our opponents who, led by the late Senator McCarthy, espoused and foisted this monstrosity on the country in 1951, now, in opposing H.R. 11970, as a whole, piously say "this procedure" (meaning their own contrary procedure), "would result in the basic issues being debated before the public and permit our citizens to express themselves directly on the subject."

I ask you to judge whether their actions mesh with their phrases.

The whole thing is a bad dream, and I do not know how to bring this in just as strongly enough to your attention.

Let me show you how badly it works in practice. Last year our firm received for sale on consignment a parcel of Yugoslavian stone marten. They can come in legally. The owner, a Londoner, had bought them directly from the Yugoslav governmental agency which certified their origin.

The appraiser examined them. "There appeared to be some Russian skins in this lot," he opined, "and besides, we have information that the Yugoslavs bought some stone marten in Russia."

Quickly we got in our own outside expert on Russian furs. We do not handle them ourselves. "Well," he said, "none of these really look like Russian skins, but a few bear some resemblance to those from one particular section of Russia, so I would not definitely say that none of these skins had come from Russia."

Do you know, gentlemen, we were lucky, because of our standing in the trade, the customs permitted us, at our own expense, to return all these skins to the owner instead of confiscating them, and without penalty!

What a farce! The honesty of the Yugoslav Government impugned, the London shipper irritated and put to great expense so he does not send us any more consignments, and everybody upset.

Do you think good will for the United States was engendered by this?

To save time, I am furnishing your clerk with about 20 copies of our detailed arguments against section 11 of the 1951 trade bill, now referred to as section 257 of the present bill, H.R. 11970.

Then you take Russian white foxes. They are embargoed, but Canada accepts them. They are dressed and manufactured there, and then as Canadian they come into the United States. How ridiculous! All this operation does is cheat our labor and hurt our consumer.

Now let us dissect this embargo. Does it serve a military purpose? Even as a long time ago and lowly second lieutenant I would dare say it does not.

Does it serve a political cold war purpose? The President has indicated that it does not.

Are there valid economic reasons? Then why did the Tariff Commission unanimously say "no", when the same type of reasoning was presented to them in an escape-clause proceeding?

Will it bring votes for this bill? On merit, even taking the proponents' arguments as gospel, I would say that this tinkertoy has not enough basic value in their minds to cause them to switch their votes.

Then what purpose does it serve? It is a foot in the door to protectionism, both against the spirit of and incompatible with this bill.

The administration in press interviews has expressed the desire that this foolish law be permitted to die automatically with the new bill. It was not in the original House bill, but at the last minute, in executive committee, and again without hearings, it was reinserted in the final draft of House Resolution 11970 as section 257.

We plead with you to strike it out again. I have confidence in your sense of fairplay. We did not get this in the prior case.

The law is silly, useless, and harmful. Please leave it out—section 257.

If our opponents wish this type of protection, let them demand whatever they want, let them make up a special bill, hold hearings and come in through the front door.

Regarding the general aspects of this bill, we heartily endorse the remarks made by Mr. Carl Gilbert, chairman of the committee for a national trade policy, before the American Marketing Association. He spoke to you yesterday.

This bill will not succeed by itself. It requires a wise selection of personnel and then dedication and implementation. It requires national strength of character.

Again, it is one thing to open the sluice gates but to control the flow of water is another. This bill does open the sluice gates. However, if we expect to get the results we hope for, we must put our own house in order by opposing monopoly wherever it is found, and encouraging domestic free enterprise; we must lower our costs. We must strike at the inflation which has raised our cost of living to such an alarming degree.

We trust and pray that the Congress will find a way to balance the budget. We must overhaul our tax structure to provide maximum simplicity, justice, freedom, and incentive.

We must eliminate as fast as possible all escape clauses and insist that such help as we give to dislocated industry and workers be temporary.

Unless we do these things, a great step forward may prove a step backward. It is no accident that the first, and again the last part of this—in the first and last part of this—we have touched on the general impact of this bill in its relation to the general welfare of the United States. This is paramount, and any trade organization which toots too loudly on the trumpet of its own trade interests should be situated—well, in Russia.

I am thankful that, as a citizen, I can appear before this distinguished committee representing these two trade organizations and associations.

I thank you for your time.

The CHAIRMAN. Thank you very much, Mr. Schoen.
(The document referred to follows:)

SUBMITTED TO SENATE FINANCE COMMITTEE IN CONNECTION WITH ACT H.R. 11970,
EMBARGO OF SEVEN SOVIET FURS

We are sure that the committee is aware that this embargo has been in effect since 1951, at which time it was passed as section 11 of the "Trade Agreement Extension Act."

We would like to mention that when the above legislation was enacted in 1951, the fur industry was not given an opportunity to testify although we were and are the industry which is primarily affected by this legislation. This is the first time we, as an industry, have been given the opportunity to present our views before a legislative branch of our Government.

Now, our industry can speak from experience on the consequences of these restrictions and can state that the results have been just the opposite of what was intended by Congress. The embargo should never have been instituted in the first place and certainly should not be reinstated at this time.

ANALYSIS OF PERTINENT FACTS

What share did the embargoed furs play in relation to the total fur import picture and to what extent were and are the embargoed furs actually in competition with the corresponding American product?

Annual imports of the seven embargoed furs to the United States average \$7,100,000 for the years 1947-51. During the years 1947-51, the total imports from all sources averaged \$124,800,000 per year. We thus see that during the period from 1947 to 1951, the seven embargoed furs averaged only 5.7 percent of the total imports, and therefore played a very small part in the total fur import picture.

Apart from the fact that the importation of the seven articles amounted to only 5.7 percent of all imported furs, the prohibited furs were hardly in competition with their domestic counterparts, and their exclusion from the domestic scene never had any logical economic basis. This may be seen if we analyze each of the seven furs in relation to the U.S. production.

1. Kollinsky: The United States produced and produces none.
2. Weasel: The United States produced and produces none.
3. Marten: The United States produced and produces none (except about 4,000 to 5,000 skins per year which have little commercial value).
4. Ermine: At the time of prohibition and up to the present time, U.S. production was negligible (about 50,000 skins per year). In addition to that, U.S. ermines are mostly brown, while the Russian ermines are white and, in fact, have completely different uses.
5. Foxes: (a) Red foxes and cross foxes, which the United States also produces, were at the time of prohibition and up to the present time, not in great demand; therefore trapping of these furs in the United States was and is up to the present time negligible.
6. Minks: The United States is the largest producer of wild and ranch mink in the world and Russia is practically one of the smallest producers. At the time of the imposition of the embargo in 1951, U.S. production of ranch mink was 2,219,553 pelts. Russia's production at that time was estimated at about 100,000 pelts (including wild and ranch raised), of which 11,564 skins were imported in the United States with a value of \$220,096. For the period of 1947-51, an average of \$296,000 of Russian mink was imported each year, against an estimated American production of \$35 million, and imports of mink from the rest of the world of approximately \$15 million. We see that domestic production of mink, plus permitted imports of mink in the period of 1947-51, amounted to about \$50 million, and it is difficult for us to see how the importation of Russian minks, which amounted to \$220,096, constituted a threat to the American mink ranchers.
7. Muskrat: Of the seven embargoed articles, muskrats is the only one where there appeared to be any area of competition. At the time of prohibition in 1951, the United States was producing 7,919,969 pelts per year for an estimated value of \$12 million. Russia produced about 2,500,000 pelts, of which there was

imported into the United States in 1951, 1,522,453 skins for a value of \$2,350,000. The average annual import of Russian muskrats into the United States in 1947-51 amounted to \$2,530,000. In other words, the Russian import of muskrats into the United States amounted to 20 percent of the domestic production. The embargo forced the U.S.S.R. to sell its crop to Western Europe, thus taking away the market from the U.S. producers who normally sell the muskrat crop to Europe. By 1957, the production of domestic muskrats declined to 5,877,059 skins for a value of only about \$5 million, and with a further decline in 1960 production to only 5,077,501 skins for an estimated value of \$4,250,000.

SUMMARY

Of the seven prohibited articles, five—namely kolinsky, martens, weasels, ermines, and foxes—under former or present economic conditions are either not produced in this country at all or produced in every small quantities.

The sixth article—mink—was in practice no competitor because at the time of prohibition, the importation of Russian mink amounted to less than 1 percent of the domestic production and it is truly difficult to see where the danger to the domestic ranch industry was.

In 1960 the domestic mink industry produced about 7 million mink and foreign countries produced approximately an additional 7 million which are rightfully open to free import into the United States. The Russian production in 1960 was about 600,000 skins.

We see therefore that Russian mink production is about 5 percent of world production and again we cannot see the danger to the domestic ranch industry.

Muskrats: This is the only article where some form of competition existed. Despite the so-called protection of the present law, the article has suffered in fact because of the prohibition. We see that since the prohibition, there has been a constant decline in the U.S. catch of more than 30 percent in volume and more than 50 percent in value.

ECONOMIC EFFECTS OF THE EMBARGO

The longrun economic effects on our trade have been far greater than that of simply cutting off the importation of the seven articles, which in themselves constituted only a small part of our trade. The first effect has been to cause a strong decline of total fur imports from all countries because of New York losing its importance as an international distribution center for world furs. This has resulted in a shrinkage of total business in the New York market which adversely affects most segments of the industry.

Total fur imports from all countries have averaged only \$80.6 million annually from 1952 to 1958 against \$124.8 million average in the years 1947-51, or a decline of 35 percent.

This sharp decline took place during the period when the general economy of the United States was sharply expanding.

Another important economic effect has been the decline in the exports of some American furs that are normally bought by Europe in large quantities. Ever since the embargo was imposed, the U.S.S.R. has been marketing the embargoed furs in Europe and elsewhere, which tends to depress the export market for the U.S. furs. This aspect of the embargo has been felt particularly keenly by fur trappers, collectors, and dealers who handle American wild furs, many of whom have been forced out of business.

Finally, the absence of the Russian furs has contributed to the shift of the world fur market to London from New York City. One of the characteristics of a world market is that there should always be a wide and full selection of the world's furs available. Buyers from Canada, South America, and Europe prefer to buy in such a market and therefore have now largely shifted their patronage to London. This means a loss of income and commissions to dealers, brokers, and all workers in New York City who had made the city the leading raw fur center of the world.

CONCLUSIONS

1. The seven furs represent only a small part of total imports and in practice did not and cannot compete to any significant extent with any domestically produced fur.

2. The embargo has hurt various sectors of the fur trade, including labor, importers, exporters, brokers, skin processors, manufacturers, retailers, and trappers.

3. The embargo has been a major factor in the decline of the United States as a world fur market. This meant and means a loss of business to shipping, insurance, and banking firms in the United States.

4. Embargo deprived the consumer of a free choice of products.

5. The embargo makes no sense and is incompatible with our policy of encouraging free international trade in peaceful goods.

On the basis of the foregoing, we must come to the conclusion that the embargo did no good to anybody and did a lot of harm to the fur trade as a whole and therefore should under no circumstances be continued.

The CHAIRMAN. Thank you very much, Mr. Schoen. The committee will adjourn until 10 o'clock tomorrow morning.

(Whereupon, at 3:25 p.m., the committee was recessed, to reconvene at 10 a.m., Thursday, July 26, 1962.)

TRADE EXPANSION ACT OF 1962

THURSDAY, JULY 26, 1962

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 a.m., in room 2221, New Senate Office Building, Senator Harry F. Byrd (chairman) presiding.

Present: Senators Byrd, Talmadge, McCarthy, Williams, and Carlson.

Also present: Elizabeth B. Springer, chief clerk, and Serge N. Benson, professional staff member.

The CHAIRMAN. The committee will come to order.

The first witness is Mr. Joseph A. Sinclair of the Commerce & Industry Association of New York.

Mr. Sinclair, take a seat, sir, and proceed.

STATEMENT OF JOSEPH A. SINCLAIR, DIRECTOR, INTERNATIONAL TRADE RELATIONS, COMMERCE & INDUSTRY ASSOCIATION OF NEW YORK, INC.

Mr. SINCLAIR. Senator, rather than read this statement which I filed, if I may very briefly summarize it it might save a little time.

The CHAIRMAN. Without objection.

Mr. SINCLAIR. Basically we have suggested that the committee should give careful consideration to modification of two provisions of H.R. 11970 which we do in many ways consider an improvement over the original bill introduced in the House.

First, we believe that section 252(a) should be changed, eliminated from the bill because we can't quite understand the reason for it. It would prohibit the President from offering reductions in U.S. duties in order to obtain the reduction or elimination of any unjustifiable foreign non-tariff-import restrictions.

Senator CARLSON. Mr. Sinclair, what section was that?

Mr. SINCLAIR. 252(a).

We have discussed this with a number of exporters in New York, and in many instances other import restrictions are of far more importance and constitute more difficult barriers to American exporters than the rates of duties themselves and we believe that this section which was inserted in the bill—it was not in the original bill, as I recall—would very much restrict negotiations for benefits which we need for the U.S. trade.

The second change which we feel might well be made in the bill is to conform section 322 to the training allowances provided under the Manpower Development and Training Act.

The Senate Committee on Labor and Public Welfare in proposing the Manpower and Training Act did make specific reference to foreign competition as one of the several possible causes for displacement of workers, so that it was the intention that adequate provision would be made under that legislation for workers who did lose their jobs because of imports.

We do, however, very much favor enactment of this legislation.

Senator CARLSON. May I inquire if you have prepared language for the suggested changes in the two amendments or do you just want them stricken?

Mr. SINCLAIR. Well, the first amendment would be merely striking the section. We have not prepared detailed language for changing the other but I think we could do that if you so desired.

Senator CARLSON. That is all, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Sinclair.

Mr. SINCLAIR. Thank you.

(The prepared statement of Mr. Sinclair follows:)

COMMERCE AND INDUSTRY ASSOCIATION OF NEW YORK, INC., STATEMENT RE H.R. 11970

My name is Joseph A. Sinclair. I am the director of international trade relations, Commerce & Industry Association of New York, Inc. The 3,500 firms which constitute the membership of our association include about 2,000 directly engaged in international trade as manufacturers, exporters, importers, carriers, and other services.

The Commerce & Industry Association wholeheartedly endorses the objectives of the proposed Trade Expansion Act of 1962 and favors enactment of H.R. 11970 with certain amendments.

Any detailed statement as to the importance of U.S. international trade or of the extension of the reciprocal trade agreement program, we believe, is unnecessary because we are sure the distinguished members of this committee are fully aware of the need for this legislation in view of the competitive problems our exporters face in overseas markets, particularly with respect to the European Common Market, and the U.S. balance-of-payments deficits.

In many respects H.R. 11970 may be considered an improvement over the original bill (H.R. 9900), but we believe that at least two provisions of H.R. 11970 require modification.

First, it is our understanding that under section 252(a), the President could not offer reductions in U.S. duties in order to obtain the reduction or elimination of any "unjustifiable" foreign non-tariff-import restrictions.

We are at a loss to understand the reason for this prohibition, which we have discussed with a number of exporters. In many instances other import restrictions are of far more importance and constitute more difficult barriers to U.S. exporters than the rates of duty. We believe this prohibition, in many cases, would debar negotiations that would benefit our commerce.

Whether justifiable or not, if a foreign country has other import restrictions which prevent or restrict U.S. exports, there would seem little purpose in negotiating for reduction of tariffs. We certainly would hope that our negotiators will be sufficiently intelligent not to grant concessions unless our trade is to benefit by the *quid pro quo*, whether duty rates, quotas, or other restrictions are the primary issues.

Elimination of 252(a)(2) from the bill would enable our negotiators to bargain for the reduction or elimination of foreign import restrictions including rates of duty, quotas, exchange restrictions, excise taxes, or other barriers.

Second, we strongly recommend that section 322 be amended so that the training allowances conform with those provided under the Manpower Development and Training Act of 1962.

Although spokesmen for the administration have endeavored to justify the more liberal provisions of this bill in connection with adjustment assistance for workers, we are not at all persuaded that a worker who loses his job because of imports is in any different position or entitled to any greater assistance than the man who is out of work because of the termination of a Government contract, increased postal rates, new legislation on a Federal wage minimum, or any other governmental action.

Those who become unemployed due to import competition will look for work paying approximately the amount they had been receiving. This raises the question, human nature being what it is, whether such individuals would accept other employment where take-home pay is about the same or a little less than their tax-free adjustment allowance. This same question applies also when transportation and other incidental expenses involved in going to work are taken into account.

Comparable situations now exist in New York. Unemployment insurance claimants have refused part-time work because under New York's unique day base plan they would lose money or make very little by working. For example, should a person whose benefit amount is \$50 work part of 2 days and earn \$25, his benefit amount would be cut to \$25 which, with the \$25 earned, would give him only \$50. Our association considers the day base plan inequitable and has supported legislation to correct it.

It has been held good cause to refuse employment in New York State under these circumstances and we believe it probably would be deemed good cause for a New York claimant who is eligible for a trade readjustment allowance to refuse employment under similar circumstances.

In support of the 65-percent formula, administration spokesmen have pointed out "it is significant that New York provides 67 percent of a worker's average weekly wage for a worker in the lower brackets." This is true because under the New York formula workers in the lower wage categories obtain a higher percentage of their average weekly wage as benefits than those in higher brackets. This has little weight as an argument for the 65-percent formula in the trade bill because fewer than 1 percent of the claimants obtain benefits of 67 percent or more of their average weekly wage. Approximately 70 percent of the claimants, however, receive between 50 and 55 percent of their average weekly wage based on the \$99 set by law as the maximum weekly average.

Although the report of the House Ways and Means Committee states "the terms of worker assistance are not meant to be precedents for the unemployment insurance program," we believe it must be interpreted as a Federal unemployment compensation benefit because the program is so thoroughly integrated with the administration of State unemployment compensation. It appears to us as being similar to the Federal unemployment compensation program for ex-service-men or Federal civil employees. Courts in a good many of the 44 States which offset a Federal unemployment compensation benefit against a State benefit might well view it in that light also.

Furthermore, the fact that the Senate Committee on Labor and Public Welfare, in proposing the Manpower and Training Act, made specific reference to foreign competition as one of several possible causes for displacement of workers indicates that imports were specifically considered in the enactment of that law and with the intention that adequate provision would be made under that act for the worker displaced by foreign competition.

We therefore urge that the retraining allowances under section 322 of the bill be amended and that the retraining allowances under title 2 of the Manpower Development and Training Act of 1962 be substituted.

In summary, we believe the trade readjustment allowance for workers displaced by foreign competition to be discriminatory and without logical basis. In our opinion it would: (1) Remove the displaced worker's incentive to find new employment, (2) pave the way for the Manpower Act to be amended to conform with the terms of the trade bill, and (3) threaten the integrity and autonomy of the State unemployment compensation systems.

We trust that your committee will make these two changes in the bill and report out H.R. 11070 as promptly as possible.

We appreciate this opportunity to appear before you on this very important subject.

The CHAIRMAN. The next witness is Mr. Ray R. Eppert, Greater Detroit Board of Commerce.

Take a seat, Mr. Eppert, and proceed.

STATEMENT OF RAY R. EPPERT, GREATER DETROIT BOARD OF COMMERCE

Mr. EPPERT. Mr. Chairman, my name is Ray Eppert, and I am president of the Burroughs Corp. I am testifying today on behalf of the Greater Detroit Board of Commerce, a nonprofit corporation incorporated under the laws of the State of Michigan.

Almost 10 years ago, to be exact, on November 1, 1952, the Greater Detroit Board of Commerce issued an important statement of policy on U.S. foreign trade which attracted worldwide attention.

The following is a quotation from the general principles outlined in that statement:

We, in the city of Detroit, believe in free trade as an ultimate objective. Only policies that contribute toward the creation of a healthy, relatively free world trade will solve the staggering international problems this country faces—both in the economic and political spheres. Only by the establishment of a healthy world trade will world peace eventually be secured.

That statement was made within the context of a total foreign economic policy. We have mixed emotions in testifying today on H.R. 11970, the Trade Expansion Act of 1962, because this bill is only one part of a new foreign economic policy for the United States.

I will first state our position on the trade bill and then comment briefly on the other facet of our foreign economic policy which is currently under consideration.

The Greater Detroit Board of Commerce recommends adoption of titles I, II, and IV, and chapter 4 of title III of H.R. 11970 and rejection of chapters 1, 2, 3, and 5 of title III.

We thus endorse the Trade Expansion Act of 1962 with the exception of adjustment assistance to firms and workers claiming injury from import competition due to tariff reductions made under the authority of this act.

The trade bill is designed to lead to mutually beneficial trade agreements providing for further reduction of tariffs on a multilateral basis. Proponents of the bill argue strongly, and with justification, that the emerging and rapidly growing Common Market in Europe requires negotiations for a reduction of its common external tariff wall.

Before the plan for the European Common Market developed, an American exporter selling, for instance, to a French customer, was handicapped in regard to tariffs in relation only to a French competitor—his German competitor was in no better position than he was.

When the European Common Market becomes fully effective, the American firm must face tariff-free competition, not only from his French competitor in the French market, but also from the German or Italian competitor. It is, therefore, urgent that we take all reasonable steps to reduce the common tariff wall to be erected around the Common Market.

This bill, we believe, is an important move in that direction.

We believe that the authority contained in the bill before your committee, properly administered, will permit making effective agreements with our trading partners.

Particularly, section 252, permitting the withholding of duty concessions to countries unjustifiably discriminating against American exports and otherwise nullifying concessions made to the United States, will mean a useful strengthening of the trade program.

The United States should continue world economic leadership by leading in tariff reduction, but it is vital that our trading partners concurrently, not later, but concurrently, reduce and eliminate their trade barriers as effectively as we do.

There is much evidence that the United States has gone far in reducing tariffs on industrial products and now leads most of the countries of the world in this respect.

According to studies by the Joint Economic Committee, only West Germany, Sweden, Switzerland, and Denmark have lower average industrial tariffs than the United States, and the tariffs of the European Common Market are tending to become more restrictive as they are changed to a common tariff rate, because of the arithmetical averaging to which we agreed.

This emphasizes the great importance of negotiating a comparable level of tariff protection. The remaining restrictive measures, which still inhibit American exports to many parts of the world, point up the need for the stronger enforcement provisions which are in the bill before the committee. We support H.R. 11970 because it will give the United States increased leverage to initiate meaningful negotiations.

I stated that we oppose inclusion of chapters 1, 2, 3, and 5 of title III. We believe the adjustment assistance program might encourage weak tariff negotiations and agreements which for the good of the United States should not be accepted.

Government assistance is not a satisfactory substitute for the hard, tough, realistic negotiating at the tariff bargaining table.

We are convinced that competitive influences on domestic business are the spark plug of a free competitive enterprise system. The very strength of the domestic economy is based on flexibility in adjustment to changing conditions.

These influences need not be divided between domestic and foreign. We have failures every day in the United States which are caused by domestic competition. That potential, that failure potential, is inherent in a free competitive system and it brings great values to all of us.

The staging provision (sec. 253) in putting into effect tariff reductions on a gradual basis will assure that the foreign competitive impact on domestic operations will be a gradual one and make unlikely any substantial injury to domestic firms.

It is almost impossible to devise a system of adjustment assistance restricted exclusively to assist those firms, industries and workers whose distress is caused exclusively by imports.

In our opinion current laws dealing with manpower retraining, small business loan provisions, unemployment benefits and others, provide sufficient machinery to deal with those few instances in which the import competition will really be the cause of serious injury.

If rare cases of serious import injury should occur, section 351, dealing with tariff adjustment, provides sufficient machinery for pro-

viding temporary relief by increasing tariffs or imposing other restrictions following proof of serious injury.

The tariff adjustment proposed in H.R. 11970, section 351, is especially useful since such relief can only be provided for a period of 4 years. This puts industry on notice that it will have to adjust by a definite date to competitive changes which imports may cause.

I said the trade bill is only one part, just one part, of an overall foreign economic policy. Enactment of the bill obviously will increase our imports and thus the debits which are charged against our balance of payments. The offset to this must be the attainment of increased exports.

In testifying before this committee on the tax revision bill, H.R. 10650, we said we did not think it was practicable to finalize tax legislation involving American business both at home and abroad without considering the legislation on tariffs and trade, because together, the tax and trade bills constitute a new foreign economic policy.

We think it is very fortunate that the trade bill has reached your committee while you are still considering the tax bill in executive session.

In our opinion the foreign tax provisions involved in the latest amendments, would not change the fundamental weakness of the tax bill, and if enacted, would materially decrease the competitive effectiveness of American business in the world market.

Any action which would weaken that competitive ability and prevent a maximum penetration of the world market, would severely damage our domestic economy and adversely affect our external liquidity position. It seems very clear that as we move toward freer trade, we must strengthen, not weaken, our oversea competitive position.

The rapidly developing world market requires a two-pronged attack—direct exports, and direct investments and operations overseas to generate added exports and income.

I repeat, we think it is fortunate that this committee is dealing concurrently with the two bills, which together will form a new foreign economic policy.

Time is needed to ascertain accurately the impact this very necessary trade bill will have on our domestic economy. We are now in a period where it is impossible to determine exactly what our future course of action overseas should be.

So far, American business has been able to maintain a substantial credit balance for the United States in international trade. We strongly recommend that this winning team not be broken up.

We think an experience period under the new trade act environment is absolutely essential before any change of any kind is made in the rules presently governing oversea American business operations.

It is not necessary to weaken legitimate oversea business in order to stop malpractice. Financial information returns on foreign operations are now being filed in the United States with both the Treasury Department and the Department of Commerce which should permit separating legitimate oversea business from sham operations. We do not know whether or not the Treasury or the Department of Commerce has pointed this fact out to your committee.

After a period of experience with the trade bill, we may find that promotional rather than punitive tax measures will be necessary.

We recommend that all sections of I.R. 10650 dealing with foreign operations be eliminated to maintain the status quo until we really know what our essential future international trade objectives must be.

It is better to have a diagnosis and a cure than an autopsy and a verdict. Time and experience are needed with the trade bill for an effective diagnosis.

Our future balance-of-payments position and the world status of the dollar as a reserve currency will, in large measure, be determined by just one thing—the competitive position of American business in all markets of the free world.

We think the continued maintenance of that competitive position is our most urgent economic problem.

Mr. Chairman, I would like to comment, if I may, sir, on the information returns I mentioned.

Starting with 1961 taxes, form 2952 is being filed with the Treasury. One report is filed for every controlled foreign corporation and one for each foreign subsidiary of a controlled foreign corporation.

It gives the full data on the facility, it gives all of the information regarding ownership, and the breakdown of ownership, and it gives a record of all transactions.

Now, in addition to that business files with the Department of Commerce quarterly, every 3 months, a number of reports which are used in connection with the bookkeeping for the balance of payments. These forms contain every bit of information that could possibly be needed for checking legitimacy.

One report covers transactions with foreign subsidiary or affiliated corporations.

Another report shows operations of foreign branches or other unincorporated foreign business of U.S. corporations.

A third report is on transactions of primary foreign organizations with secondary foreign organizations.

An annual report is filed which tabulates international receipts and payments of royalties, licensing fees, and rentals.

And finally, an annual report is filed on transactions with associated foreign enterprises that shows any chain operation involved.

When we were testifying on April 26, Senator Douglas asked a very pertinent question, and I would like to refer to the record.

It had to do with tax havens, and the question was, "What is a sham corporation?"

The answer I gave to Senator Douglas was:

The best yardstick I can find is the answer I gave when I was asked that question by some members of the Ways and Means Committee.

I said:

I am not certain I can describe a sham corporation, but I think I can define a legitimate operation. A legitimate operation can very easily be determined by merely looking at the balance sheet and the operating statement and making certain the money is working.

That information is in these returns, and the only question anyone could ever have on a corporation filing these returns, all subject to audit, would be, "Is there excessive or unreasonable accumulation?"

It seems to me, sir, that which is needed to insure that we are not doing things wrongly overseas is presently resident in the United States, as tools if they want to use them, by the U.S. Treasury and Internal Revenue. To embark at this time on a program that would create an unknown impact on our oversea competitive position would be playing Russian roulette with the American economy.

We must be more competitive, not less, our insurance policy as we embark on this trade bill is that we move into negotiations and freer trade with a credit balance in our current account.

In other words, we are selling more than we are buying, not enough to offset some of the foreign aid expenditures and military offshore expenditures, but as far as trade is concerned we are doing all right with the team composition and rules presently in effect, and we had better preserve that, sir.

The CHAIRMAN. Thank you, Mr. Eppert.

Any questions?

Thank you very much, sir.

Mr. EPPERT. Thank you.

The CHAIRMAN. The next witness is Mr. Michael M. Mora, Norfolk Port & Industrial Authority.

Mr. Mora, proceed.

STATEMENT OF MICHAEL M. MORA, IN BEHALF OF THE AMERICAN ASSOCIATION OF PORT AUTHORITIES, NORTH ATLANTIC PORTS ASSOCIATION, AND NORFOLK PORT & INDUSTRIAL AUTHORITY

Mr. MORA. Mr. Chairman, and gentlemen, I am Michael M. Mora of Norfolk, Va.

I have requested permission to appear before your committee in a multiple capacity, as chairman of the Committee on Foreign Commerce of the American Association of Port Authorities (b) as chairman of the Special Committee on National Foreign Trade Policy, North Atlantic Ports Association, and (c) as general manager of the Norfolk Port & Industrial Authority.

Thus, I am the spokesman for local, regional, and national port interests, whose stakes in the trade bill, H.R. 11970, are identical.

The President has convincingly outlined the national needs, prompting his request for the enactment of this legislation. The House of Representatives has passed the above bill almost as originally presented.

I approve and support this bill in behalf of all three bodies represented by me, without attempting to urge its verbatim adoption.

Experienced Senators, who will debate this bill, may well find it possible to improve it as to some details, especially with respect to its welfare provisions, without impairing the President's authority and ability to negotiate reciprocal trade concessions with other nations.

We all know that our present trade balance is some \$5 billion in our favor, while our balance of payments shows an adverse figure of over \$2.5 billion.

Our national objective is to eliminate this latter deficit, which has been due in some measure to the export of our capital abroad.

Ability to negotiate trade treaties, which would increase and facilitate our exports, would remove, at least in part, the desirability of such foreign investments, by making access to foreign markets available to our export industry without the need of locating manufacturing facilities behind the tariff walls of other nations. The European Common Market may serve as the most outstanding, if not the only, example.

I should like to deal with the alternative to the economic foreign policy as proposed in H.R. 11970—namely, resort to protectionism, whose proponents try to make a case based on the differences in the cost of labor here at home and abroad, and the need to protect the high wages of American labor and earnings of American industry by reserving our domestic market to ourselves behind a wall of tariffs and quotas.

No one is naive enough to believe that such policies will not be followed by retaliatory measures in other parts of the trading world.

This can only result in the contraction of the total volume of both our exports and imports.

Permit me to analyze the effects of such contraction. Of the total employment in the United States, only some 20 percent is represented by production workers in domestic industries. The other 80 percent are engaged in transportation, financing, marketing, advertising and all other business activities.

The above statement is based on January 1962 official figures of the U.S. Department of Labor, which show a total of employed civilian labor force to be 65,058,000 and the total employed in manufacturing to be 16,363,000.

Some 20 percent of the latter number represent office, technical, and supervisory personnel, not subject to the impact of manufactured imports, leaving 13,090,000 production workers, or one-fifth of the total employed.

I submit to you that manufactured imports move through the same channels as domestic products in the process of reaching the ultimate consumers, therefore, they contribute equally to employment in the 80-percent segment. Their impact can be felt only among the 20 percent where conceivably a corresponding displacement can take place.

Our exports employ a proportionate number of people both in the 20-percent and the 80-percent groups.

To reduce this to a simple formula, a given unit of manufactured imports will employ four Americans and displace one. A similar unit of exports will employ five Americans.

Reduction of our trade by one such unit on both sides of the ledger will save the job of one person but will displace nine. On the other hand, an increase by one such unit on both sides will displace one person and create new employment for nine.

Does it take an Einstein to figure where the national interest lies? Since, however, the impact of manufactured imports (totaling, incidentally, only 1 percent of our gross national product) is not evenly distributed, it is only fair to approach the problem on the basis of individual justice. Businesses and employees, where the impact is serious, should be assisted by those who are benefited by the overall increase—namely, the entire Nation.

Therefore, I am heartily in accord with such measures as the Government and Congress will find workable and practical to give national assistance to injured industries and employees. Not being expert in the business of relocation, retraining, or rehabilitation, I hesitate to approve or condemn the methods proposed under the bill.

If our present total foreign trade, estimated to be about \$35 billion per annum and employing about 4,600,000 people, were to increase by 20 percent a net gain of some 900,000 jobs would likely result, with corresponding increase in Government receipts and business and individual taxes and direct reduction of the unfavorable balance of payments by \$1 billion, based on the present ratio of exports to imports.

Surely that is the way to better national economy, creating in the process increased tax revenue and thus the means to ease the impact on the injured few, both employers and employees.

Care must be exercised, however, both in the method of rendering assistance and evaluating the legitimate eligibility for it in the light of normal domestic business mortality.

The oxygen tent of Federal benevolence should not be spread over sick industries under the pretext that imports are the cause of their ailments, unless each case can offer positive proof of such a causative factor.

We of the port industry, being an integral and important element in the general structure of our international economy, are directly concerned with its expansion. We are satisfied that U.S. exports have not and never will reach a ceiling in an expanding world market, unless we are politically barred from its doors, or price ourselves out of it by excessive greed of either capital or labor.

As a matter of practical reality, demonstrated by our experience since 1934 (the beginning of our reciprocal trade treaties policy), the President must have broad, long-range authority to negotiate effectively. The old formula of "product by product" concessions, which rendered yeoman service in the past, must be expanded to meet the present-day conditions, such as the European Common Market poses by its policies of "across the board" reductions by commodity groups.

H.R. 11970 provides for such necessary authority.

Therefore, in behalf of the port interests represented by me, I urge and bespeak your constructive action in the matter of the bill under discussion.

The CHAIRMAN. Thank you very much, Mr. Mora.

Any questions?

Thank you very much, sir.

Mr. MORA. Thank you, Senator.

The CHAIRMAN. The next witness is Mr. Austin J. Tobin of the Port of New York Authority.

Mr. Tobin, take a seat, sir.

STATEMENT OF AUSTIN J. TOBIN, EXECUTIVE DIRECTOR, THE PORT OF NEW YORK AUTHORITY

Mr. TOBIN. Senator, if the committee please, I might save some time of the committee if you will permit me to file the port of authority statement for the record and summarize it briefly for the committee.

The CHAIRMAN. Without objection.

Mr. TOBIN. I appear here at the direction of the port authority in support of the Trade Expansion Act, particularly since our port district, as all other port districts and regions as reflected in Mr. Mora's testimony, depends so tremendously on the flow of our foreign trade.

As a matter of fact, in New York, and I think in all other port districts, the very foundation of our port economy depends on it.

We have, sir, some 430,000 people in the port district of New York and New Jersey, which is northern New Jersey and the New York district, which are directly employed in the many business activities who participate in our foreign trade.

And in my statement I have broken down that employment of 430,000 people into the various categories of port employment.

This is so basic to our economy in not only New York which because of its size is a rather graphic illustration, but in every other port that the operations of our port provide the economic basis for the livelihood of one out of every four people who work in our port district.

It provides the basic operations of the port and all the businesses that surround and are dependent upon the port and, therefore, some 25 percent of our entire working income in New York and northern New Jersey.

In order to, as a matter of our own help, out of the matter of our own operations in the city of New York and the Port of New York Authority we have built some \$700 million worth of new modern, we hope, efficient port facilities over the last 15 years.

I may say that this type of port expenditure, this provision of new and modern port facilities depended upon the flow of export trade is reflected in all of the ports in the eastern, southern, and western coasts.

Part of the work that we are doing, and a very graphic part in general port promotion in New York, and this has been done in other ports, is the financing now as a local port matter of a great world trade center that will bring together our customs activities, freight brokers, all of the myriad of activities that enter into our foreign trade operations in order that they may operate in one place and so operate more efficiently.

So, if the Senate please, and for the reasons more fully set forth in the statement, the port of New York supports the bill and its basic purposes and intentions.

The CHAIRMAN. Thank you, sir.

Mr. TOBIN. Thank you.

The CHAIRMAN. Any questions?

Thank you very much, sir.

(The prepared statement of Mr. Tobin follows:)

STATEMENT OF AUSTIN J. TOBIN, EXECUTIVE DIRECTOR, THE PORT OF NEW YORK AUTHORITY

Mr. Chairman, members of the committee, my name is Austin J. Tobin. I am the executive director of the Port of New York Authority and I appear here at the direction of the commissioners of the port authority in support of the Trade Expansion Act of 1962.

The port of New York district, which includes northern New Jersey as well as the city of New York and large portions of the New York counties of Nassau, Westchester, and Rockland, depends on the flow of our foreign trade as the very foundation of its entire economy.

The dependence of our own region on the continued and increasing flow of oversea commerce is duplicated, to a greater or lesser degree, in the vital economic statistics of every other port region in the United States. However, the size of the figures at New York and the number of our people whose living is dependent upon the movement of our oversea trade constitute a striking example of the importance to the whole Nation of increasing our foreign markets and underscores the critical importance of our oversea commerce to the economic future of millions of American workmen.

At least 430,000 people in the port district are directly employed in the many different business activities that participate in foreign trade. They earn over \$2.1 billion a year in marine transportation (66,400 jobs), service auxiliaries of marine transportation (65,200 jobs), marine construction (34,100 jobs), trucking, railroading, and warehousing, (40,400 jobs), port business activities and financing (96,000 jobs) and industries dependent on the operations of the port (127,600 jobs). It has been estimated therefore that the operations of the port provide the economic basis of the livelihood of one out of every four persons who live in the New York-New Jersey metropolitan area. The movement of our oversea trade through our harbor is estimated to afford the basis of more than 25 percent of the wages and other income generated in the port district of New York and northern New Jersey.

In recognition of the growing need to provide for the expansion of international trade the port authority and the city of New York have built and operate piers, docks, marine terminals, and airports that incorporate the most modern designs for the efficient handling of ocean and airborne commerce. These new port facilities for the handling of our trade with the world represent an investment of almost \$700 million over the past 15 years.

Industry and employment in our region is heavily dependent on our foreign markets and on the two-way flow of our foreign trade. In 1960 New York and New Jersey provided employment for 346,000 persons whose salaries from this export trade amounted to \$2.3 billion.

During the same year, 1960, the dollar value of New York and northern New Jersey's oversea trade was \$10.8 billion.

The port of New York's vital interest in encouraging and promoting foreign trade activities is dramatically reflected in current plans for a great world trade center in lower Manhattan. Bi-State legislation has been passed in the legislatures of both States authorizing the port authority to go forward with this \$270 million project.

The basic purpose of the world trade center is to simplify, expedite, and expand international commerce by providing participants in world trade with the most modern and efficient facilities available. The world trade center will provide at one location all the services and agencies that American exporters and importers need for their participation in world trade. It will include U.S. customs services, foreign consulates, customs brokers, freight forwarders, importers, exporters, trade associations, and the many other government and private agencies involved in the conduct of international commerce.

Extensive exhibit areas for our American export products and trade information services also would be available. An especially important world trade center objective—and this coincides precisely with the objectives of the Trade Expansion Act of 1962—will be to encourage and assist U.S. manufacturers who now sell only to a domestic market, to enter the field of foreign trade.

All of this construction and all of these plans and programs reflect the local and regional efforts which have been and are being made at the port of New York to expand world trade. They spring from our tradition and experience in the handling of oversea trade and our sense of the tremendous importance of foreign commerce both to our own region and to the Nation.

They are in accord with the objectives recently outlined by President Kennedy:

"In the last 3 years * * * we have lost \$5 billion in gold, and if this trend should go on year after year then the United States * * * would have to

make adjustments which would be extremely adverse to the cause of freedom around the world. The solution rests with increasing our export trade * * *, with our business selling abroad, finding new markets, and keeping our people working at home and around the world."

The Nation's program for meeting the challenge of the sixties is accepted with confidence by the port district of New York and New Jersey. We have demonstrated our willingness to plan, to finance out of our own resources, to build to meet the demands for new cargo-handling and international marketing techniques, and to provide the wide range of port facilities needed to serve that part of America's foreign trade that flows through our port.

The continuing and ever-increasing flow of world trade which these vast port facilities—and other port improvements like them up and down the coasts of America—are designed to serve, is essential to the economic well being and future of all of the people of the coastal regions of our country.

For this reason and for all of the reasons of national interest which have been so ably presented to this committee during the past few days, the Port of New York Authority therefore supports the Trade Expansion Act of 1962.

The CHAIRMAN. The next witness is Francis A. Adams, of Stuart, Fla.

Take a seat, Mr. Adams.

STATEMENT OF FRANCIS A. ADAMS, STUART, FLA.

Mr. ADAMS. I am Francis A. Adams, of Stuart, Fla., appearing as a citizen.

Our national prosperity is based upon a healthy and active domestic market that has always accounted for well over 90 percent of the sale of our products from farms, mines, and industries. Some measure of tariff has always been our insurance of American prosperity since we became a nation.

In our present world situation it is of paramount importance that we, as a nation, have our jobs and industries appraised on the basis of American valuation in place of the outmoded foreign valuation of an article at point of origin.

Our national defense, our domestic tranquility demand that, in the pending trade expansion bill of 1962 provision be made that duties on articles entering our country on an ad valorem basis, be appraised upon the American valuation of an identical or comparable article.

This administrative provision should be made mandatory and not merely permissive, on the part of the President.

We, the people of the United States of America, enjoy the rights of a constitutional government. We have the free choice of making our livelihood; we are subject to call to defend the realm and we are bound to support the laws of the land. Under these happy circumstances America has grown great and opulent over a period of 187 years.

Let us remain a united nation in fact and in spirit. Let us adhere to our time-honored slogan, as stated in the Declaration of Independence, "We hold the rest of mankind enemies at war, in peace friends."

Let Congress recapture its constitutional power to regulate trade, impose duties, and act for all of the people in matters of general welfare.

It is an exclusive right, and high obligation, for the U.S. Senate to advise with the Executive and concur in matters affecting treaties.

For this reason it is urgent that the Senate should exercise especial care in seeing that the pending trade expansion legislation does not encroach upon the treaty rights of this country or give unwarranted power to the Executive to alter or amend our basic tax law at his discretion.

In 1962 "foreign valuation" is a euphemism, for it is indeed an unknown factor. In our world relationship let us be realistic. We should not walk into a new Potsdam; a new Yalta; a new Cuban debacle. Let the Trade Expansion Act of 1962 set forth in plain words that our market is open to world trade on an equitable basis of real reciprocity.

We should be mindful that our best friends and allies deserve better treatment than to be pushed out of our market by countries that do not come up to the free world standards in labor laws and wages; that do not support the world peace movements. We can shield ourselves and our free world associates by appraising ad valorem duties upon an American basis. This is the way to be fair to all concerned; to ourselves, our allies and to the world at large.

Thank you, sir.

The CHAIRMAN. Thank you very much, sir.

Mr. ADAMS. I am submitting some additional data on trade agreements.

The CHAIRMAN. Thank you.

(The attachments follow:)

**SUPPLEMENTAL STATEMENT WITH ATTACHMENTS (2) BY FRANCIS A. ADAMS,
STUART, FLA.**

In 1922 when the Fordney-McCumber tariff bill was being considered a strong presentation was made by labor and industrial organizations to have American valuation adopted as the basis of assessing ad valorem duties on merchandise entering our home market.

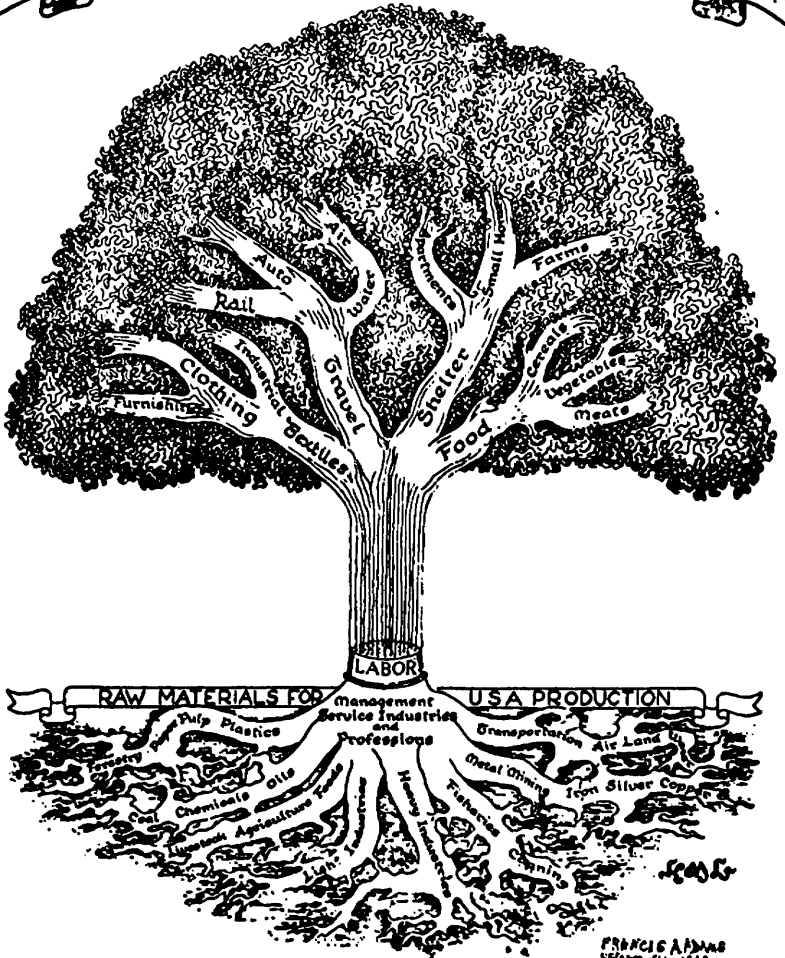
The strong endorsement for the adoption of this measure was made by:

- American Federation of Labor;
- United Mine Workers of America;
- National Association of Manufacturers;
- Bethlehem Steel Corp.;
- National Milk Producers Federation;
- Associated Advertising Clubs of the World;
- National Wool Growers Association;
- National Association of Worsted and Woolen Spinners of New York;
- National Association of Cotton Manufacturers;
- Synthetic Organic Chemical Manufacturers Association of United States of America,

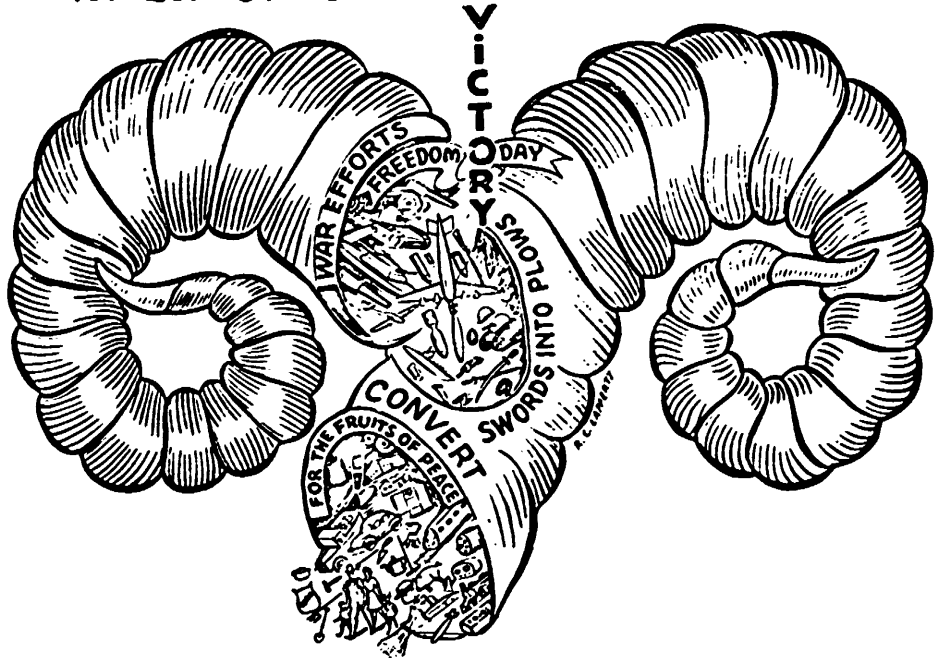
and many thousands of individuals.

Hundreds of other trade organizations, chambers of commerce, labor organizations, citizens leagues, and other groups participated in presenting their views endorsing compulsory American valuations, in a petition to Congress August 1, 1922, embraced in a volume of more than 1,100 pages issued by the American Valuation Association, 304 Madison Avenue, New York, filed with Congress, and listed in the books of the Congressional Library today where it is identified as HJ 6650-A6. I commend it to your personal attention.

Do not slash the Protective Bark off this Tree



AMERICA'S HORNS OF PLENTY



FIRM ORDERS IN HAND

FOR
AFTER-WAR PROSPERITY

TOPICS from the high speed of war production to peace time activities will require a program that is as carefully planned as the war effort. There must be "back" on the peace war plan that are as strong as those which make war production famous. It will not be enough to "hope" that peace war demands will keep the wheels of industry turning.

There must be the most mandatory controls on raw materials, on transportation, on labor allocation. There must not be a lapse from high production for war to an unbalanced market for peace time needs. The same to plan the peace war program to war, to the very peak of the nation's capacity war effort.

We have a shortage of manpower and transportation after the days of our greatest crisis. There are many jobs to be done

than we have hands to perform. It would be tragic if we allow a pause in the work on the battlefield, in the air, and on the sea, only to begin once a cessation to have millions of warblers and our remaining resources laid themselves idle.

To ensure peace time work, the nation must have a definite, long-range plan for the employment of the energy of its people. This can be accomplished by looking ahead and making due provision for the unobtainable transition from war work to peace time work.

The same energies that produce the Army and Navy general skills to set down their requirements can be used by industry to secure an unobstructed flow of goods and services to the public. The total aim must be the assurance of a peace time planning

board. This body of men would have as its task the outlining of the lines of war movements, the authorization of their conversion into definite commodities and the allocation of workers to the various branches of industry and transportation. To accomplish this will require a plan for accumulating a pool of firm orders as a basis for all plans that are required in war production.

Peace must be achieved in without a period of unemployment and idleness. The favorable benefits of our Government should be engaged to extend its functions and control for a period of months after the war has been won. This would give the nation time to adjust itself from war-time needs to the steady work of peace time program.

Industry after the war is a greater concern than it is while we are looking upon our enemies.

Labor has a greater responsibility in fact in the era of peace than it has now. Management has a greater problem to solve than it has under the war rule of war.

The public has a more serious need to face than at present, when government programs do not require to accept all the hardships that are necessary to win the war.

Unity of purpose must be the dominating in peace as it is in war. To secure this unity there must be a common purpose. This purpose must be clearly defined. It can be summed up in the words: "The United States of America is great enough to win the war, it is great enough to have having peace as home."

The plan for "PEACE" orders is based for after war prosperity must be developed. It must be ready for instant adoption.

DIVISIONS AND DIVISIONAL DIRECTORS

AVIATION	SILK	STEEL	NEWSPAPERS	RAILROAD EQUIPMENT	LUMBER TRADE
AUTOMOBILE TRADE	WOOL	FURNITURE	LEATHER	LACE MANUFACTURERS	REAL ESTATE
COTTON	RUBBER	WALL PAPER	PAPER MANUFACTURERS	STATIONERY TRADE	DYERS & FINISHERS
CHEMICALS	RADIO & AMUSEMENTS	ELECTRICAL	UPHOLSTERY	COPPER	JEWELRY
CHINA - POTTERY	SHIPPING	RELIGIOUS & CHARITABLE	PEN & INK MANUFACTURERS	ADVERTISING	LINOLEUM
COAL	PRINTING & BOOK PUBLISHING	PRINTING ARTS (LITHOGRAPHERS)	HAT & GLOVE MANUFACTURERS	OPTICAL GOODS	BOOTS & SHOES
GLASS	FOODSTUFFS	ENGINEERING	PROFESSIONAL SERVICES	PAINT & VARNISH	WOOD PULP
HARDWARE	INSURANCE AND BANKING	DRUG TRADE	CEMENT	BUILDING TRADE	AGRICULTURE
CLOTHING	RAYON	MACHINERY	CLOCK & WATERWORKS	OFFICE EQUIPMENT	SHIPPING COASTWISE
PETROLEUM	FLOOR COVERINGS	SHIPBUILDING	MUSICAL INSTRUMENTS	FOREIGN TRADE	KNIT GOODS

The CHAIRMAN. The next witness is Mr. Robert C. Sprague, of the Electronic Industries Association. Please proceed, Mr. Sprague.

**STATEMENT OF ROBERT C. SPRAGUE, IN BEHALF OF THE
ELECTRONIC INDUSTRIES ASSOCIATION**

Mr. SPRAGUE. My name is Robert C. Sprague. I am testifying on behalf of the Electronic Industries Association of which I am a director and chairman of the electronic imports committee. I am also chairman of the board and treasurer of the Sprague Electric Co.

With me is Mr. H. B. McCoy, who for many years was an official of the U.S. Department of Commerce. Mr. McCoy was in charge of the industrial divisions of the Commerce Department and participated, for his Department, in all of the trade agreements made by the United States since 1934, except the most recent one under the 1958 act.

The electronics industry, as the fifth largest U.S. manufacturing group, has an annual production rate in excess of \$10 billion, of which more than half is devoted to national defense and space exploration. About two-thirds of U.S. electronic manufacturers qualify as "small business" under the definition of the Small Business Administration. EIA's 350 members account for an estimated 80 percent of the industry's sales, but a majority of our members are small manufacturers.

We are intensely interested in the outcome of this committee's deliberations on H.R. 11970 both as heavy exporters of electronic products and as manufacturers who even now feel the heavy impact of foreign competition in the form of steadily rising imports from low-wage countries.

May I say at the outset that EIA supports new legislation to continue the trade agreement program. We concur in the stated objectives on H.R. 11970; namely, to lower trade barriers through trade agreements affording mutual benefits, to stimulate our economic growth, to enlarge foreign markets for our products, and to strengthen economic and political relations with the European Economic Community and other foreign countries through development of an open and nondiscriminatory trading system in the free world.

While we considered these objectives as being in the national interest, we support some and oppose other major provisions in H.R. 11970 which have been proposed to achieve these objectives. In discussing the objectionable features of this bill, I will offer specific recommendations which, in our view, would accomplish the objectives sought but with adequate safeguards to protect American business.

Before doing so, however, I would like to call the committee's attention to a few facts. While electronic exports rose last year to \$635 million, against \$199 million in imports, more than half the domestic market for home and portable radios, numerically, was taken by imports. Seventy percent of the purchase of transistor radios was of Japanese origin. Japanese electronic shipments of all types to this country rose from \$250,000 in 1955 to \$120 million in 1961.

This rise is easily explained. Japanese wage rates, even after fringe benefits are added, are one-fifth or less of American. Yet our technology is about equal, and many Japanese production facilities are as modern as ours. As labor represents half the cost of producing elec-

tronic components, excepting taxes, these wage differentials are significant, especially to the small component manufacturer of a limited number of products.

The export and import trade of this country has expanded, particularly during the past 10 years. The composition of our foreign trade is undergoing a basic and significant change. Imports of highly manufactured products are increasing and there is a steady deterioration of exports of products where labor is a significant cost. This trend is demonstrated in an excellent study by Mr. James M. Ashley, vice president of Libbey-Owens-Ford Glass Co. I understand this study will be presented to this committee by Mr. Ashley. I commend it to your attention.

To illustrate the change in our competitive situation in world markets, I would like to quote some overall statistics from the "Statistical Abstract of the United States" for 1961. These statistics relate to the percentage changes in our exports and imports by comparing figures for 1961 with 1951. For semimanufacturers, exports increased 97 percent, imports 25 percent; for manufactured foodstuffs, exports increased 31 percent, imports 57 percent; for finished manufacturers, exports increased 39 percent, imports 168 percent. From these official statistics, it is obvious that our competitive position is declining very steeply both at home and abroad in the highly competitive finished manufacturers.

In other words, we are increasingly importing labor, at a time when we have a continuing and unresolved problem of high unemployment at home.

We are very much concerned about several aspects of H.R. 11970. Before discussing specific provisions, I want to comment on the general philosophy of this proposed foreign trade policy legislation. Trade agreement legislation that has guided our foreign trade policy since 1934 has provided for the reduction of import duties in trade agreements with other countries, but our tariffs were not to be reduced to a level that would result in serious injury to domestic industry and employment. The previous legislation may not always have been administered to prevent injury, but the no-injury concept was an important and explicit policy expressed in the legislation.

H.R. 11970 represents a departure from previous trade policy legislation. The basic policy of H.R. 11970 is the abandonment of the no-injury concept and the substitution of forced adjustment or readjustment of domestic industry to import competition. Under previous legislation, any domestic industry was not considered as expendable in the national interest. In this bill any industry is considered, and many will be judged to be, expendable in the national interest.

The abandonment of the major safeguards in previous trade agreement legislation is pointed up by the elimination in H.R. 11970 of the peril-point procedures and the modification of the escape clause procedures in previous legislation. That injury to domestic industry and the displacement of employment is contemplated is evidenced by a major portion of the text—approximately 50 pages of a total of 77 pages—of H.R. 11970 which is devoted to Government subsidies to distressed firms and special unemployment compensation to displaced workers.

We do not believe it is in our national interest deliberately to legislate a policy which contemplates economic disruption. The President and his advisers contend that the benefits from increased export trade resulting from this legislation will offset by many times any injury from increased imports and that the expected increase in imports will have a minimum adverse effect on domestic industry and employment. If the administration has full confidence in this appraisal, the elaborate mechanism in H.R. 11970 for Government subsidies to distressed firms and displaced workers seems unnecessary.

We are concerned over some important aspects of H.R. 11970. Generally, we think that—

(1) Gives unprecedented economic authority to the President for reduction or elimination of tariffs without requiring that the President, before making trade agreements, be guided by the Tariff Commission reports on peril-point findings, of injury to domestic industry, as in previous legislation.

(2) Provides insufficient guarantee that tariff and other concessions will be negotiated under rules which will assure true reciprocity by other countries in rates and products affected.

(3) Proposes a significant weakening of the escape clause procedure, contained in the previous trade agreement legislation, to the point that tariff adjustment relief is highly improbable.

(4) Provides for Government subsidies to distressed firms and preferential and discriminatory unemployment compensation to displaced workers as a substitute or alternative for the "escape clause" proceedings and tariff adjustments.

(5) Continues the "most favored nation" policy with implications of even greater damage to domestic industry caused by increased imports from industrial nations outside the European Common Market.

(6) Includes no provisions for amending the Anti-Dumping Act to protect domestic industry against the sale of foreign products at less than their market value in countries of origin.

I would like now to amplify each of these points and to recommend changes in or amendments to H.R. 11970.

LIMITATION ON PRESIDENTIAL AUTHORITY

The Constitution specifically gives the Congress the exclusive authority to regulate the foreign commerce of the United States. In the Trade Agreement Act of 1934, the Congress, for the first time in our history, delegated tariff making authority to the President. In the 1934 act, and subsequent extensions to and including the 1958 act, Congress limited Presidential authority to making relatively small percentage changes in existing tariffs.

H.R. 11970 would give the President extraordinary power over American industry and our economy by authorizing him to reduce drastically or to eliminate tariffs and to provide, or not to provide, at his discretion, administrative relief to industries or workers adversely affected by imports.

With respect to Presidential authority, and limitations thereon, we recommend the following:

(1) We concur with the provisions of H.R. 11970 to authorize the reductions of all import duties by 50 percent, with no reduction of more than 10 percent in any 1 year.

(2) We believe, however, that the proposed authority to eliminate tariffs on certain products should be more strictly defined and allowed only after the Tariff Commission finds that such action would not result in significant injury to domestic industry and employment.

(3) If the above proposal is not adopted, we propose as an alternative an amendment to section 211 to provide that exports from the United States should account for at least 25 percent of the aggregate world export value as defined in this section. This requirement would assure that the United States might be reasonably competitive with the European Common Market in the products involved.

(4) We also suggest, for consideration of this committee, that section 211 (special provisions concerning the European Economic Community) not be effective unless the United Kingdom becomes a member of the Common Market.

(5) We endorse the provisions of section 351 of H.R. 11970 providing for congressional review of actions by the President, particularly that Congress may, by a joint resolution on a majority vote, require the President to make effective the tariff adjustments recommended by the Tariff Commission.

RECIPROCITY IN RATES AND PRODUCTS

We believe that Congress should prescribe standards and criteria to govern negotiations of trade agreements and specifically require reciprocal actions by the country or countries with whom we negotiate rather than leave this to the judgment of the President's negotiators.

The omission of standards and criteria for the "terms of trade" in the legislative proposals submitted to the Congress by the President, may be an indication that the executive branch would not seek adequate reciprocity or that such reciprocity is considered difficult or impossible to secure.

We particularly commend the policy expressed in section 252 of H.R. 11970 regarding action on the removal of foreign import restrictions which impair the value of tariff commitments made to the United States. We hope this section will be administered strictly in accordance with congressional intent, and that countries which maintain or impose such restrictions be denied the benefits of U.S. tariff reductions. We believe that additional standards for trade agreements should be written into H.R. 11970. Specifically these should include:

(1) A requirement that equal tariff rates be negotiated on the same industry or commodity groups; if not immediately, in successive stages during the life of the agreement.

(2) A general policy statement against the United States granting tariff reductions in exchange for tariff concessions on unrelated products by foreign countries. This would prevent the penalizing of one industry for the benefit of another and the consequent unequal sharing of import competition.

SAFEGUARDS FOR INDUSTRY AND EMPLOYEES

One of our major concerns in this legislation is the inadequacy of proposed safeguards for domestic industry and employment. We believe that the authority of the President to make all decisions concerning the effect of proposed or existing reductions or elimination of tariffs on domestic industry and employment should be modified by requiring the President to be guided by the findings and recommendations of the Tariff Commission.

We recommend that the Tariff Commission be reorganized and strengthened and be given full responsibility for determining the effects of tariff reductions on U.S. industry and employment. We believe the principal criteria for determining injury should be the actual or threatened loss of significant portions of a domestic market to foreign producers.

It seems to us that the peril point provision in H.R. 11970 is meaningless because the President, while seeking the advice of the Tariff Commission, is not required to abide by its findings and recommendations. The escape clause procedure, in comparison with previous legislation, has been weakened and modified.

With respect to adequate safeguards to domestic industry, we propose certain changes in H.R. 11970 as follows:

(1) The inclusion of the "peril point" procedure as written in the 1958 extension of the Trade Agreement Act—a rewriting of section 221.

(2) Appropriate rewriting or amendment of section 301 (and other related sections) to make these provisions conform to the "escape clause" definitions and procedures of the 1958 Trade Agreement Act. Under previous law, the Tariff Commission's investigations and findings were directed to a particular segments of the industry, and to a specific branch or division of individual companies, directly involved in producing the product or products at issue. Under the language of the bill, the Tariff Commission must consider the effects of imports of a specific product on the overall operations of the establishments in an industry. This interpretation of section 301 and related provisions is set forth in the report on H.R. 11970 by the House Ways and Means Committee (H. Rept. No. 11818, p. 23).

Like other industries, electronic firms are often multiproduct companies, even among the smaller manufacturers. For example, a firm may produce two or three, or more electronic parts or components, each of which is an important part of the total sales and income. If import competition destroys the domestic market for one of these products, apparently the company, or the industry, would be denied remedial action on imports of such a product if the production and sales of other products were not involved in import competition. It is obvious that such a policy, by permitting product-by-product import attrition, could result in liquidation of individual producers or segments of entire industries.

We recommend that section 301 be amended to provide that escape clause procedures and actions should be taken on specific segments of an industry, and branches or divisions of firms, which are directly involved in and affected by import injury.

(3) As previously stated, we support the provisions of section 351, which provide that a concurrent resolution, by an affirmative majority

vote of the Senate and House, would require the President to put into effect the tariff recommendations of the Tariff Commission. We believe this can be, and should be, an important safeguard to domestic industry and employment.

In addition to a congressional review of remedial actions, we endorse the principle of congressional review of trade agreements before they become effective. We believe this action is highly desirable if Congress should delegate to the President the exceptional authority contained in H.R. 11970.

(4) We are opposed to that part of title III—a large portion of the text of H.R. 11970—which authorizes the so-called adjustment assistance to firms and workers adversely affected by the reduction or elimination of tariffs. We are opposed to this part of the bill because:

(a) We do not support legislation that proposes a policy of permitting unreasonable and excessive imports to force liquidation of firms and created unemployment, and offering Government subsidies as a remedy to such economic disruption and distress.

(b) We believe it to be unwise public policy to offer preferential and discriminatory Government subsidies, tax benefits, special unemployment compensation benefits, and so forth, to selected segments of business and unemployed workers, for economic dislocation attributable to specific causes. Aside from the inequities involved, this proposed policy would establish a precedent for Federal standards for unemployment compensation, and statutory justification for different levels of unemployment compensation and other benefits based on specific economic causes or sources.

(c) We believe that if the adjustment assistance authority remains in the final legislation, and particularly if the peril procedures are not restored, our negotiators will be encouraged to take greater risks than they would otherwise in reducing or eliminating tariffs in trade agreements.

MOST-FAVORED-NATION POLICY

Although the most-favored-nation policy has been in effect under the present Trade Agreements Act, we urge that section 251 of the House bill be revised in the final new legislation.

We believe that a modification of this policy is most important and of vital interest to many industries, including electronics. Under this legislation the President will have authority to reduce by any amount or to eliminate import duties in trade agreements with the Common Market, and the executive branch has indicated that such agreements will be made on very broad classes or groups of products which will undoubtedly include specific products exported from low-cost countries outside the Common Market. This is particularly important to the electronics industry because of the deep inroads Japan has made into the domestic market and the additional concessions it would probably receive under the most-favored-nation policy as a result of trade agreements between the United States and the Common Market.

I have previously stated that we commend the policy and objectives of section 252 of H.R. 11970 which directs the President to take certain actions on foreign import restrictions. It has been common practice for other countries to violate their trade agreement obligations by imposing nontariff import controls which either discriminate against

imports from the United States or otherwise impair or destroy the value of tariff commitments made to the United States. Our Government has not withdrawn the most-favored-nation treatment from such countries. Section 252 directs the President to withdraw trade agreement concessions from or to refrain from making trade agreements with countries that maintain or establish such nontariff import restrictions. If this section is enacted into law, we hope it will bring about a long-delayed modification of the most-favored-nation policy.

The automatic and universal application of the most-favored-nation policy by the United States has worked to our disadvantage in international trade. The United States has "generalized" its tariff reductions in trade agreements to all countries (except Communist areas) without regard to whether we received reciprocal benefits by way of compensation. When other countries know in advance that all tariff concessions will be extended to all countries, there is no incentive to offer reciprocal benefits to the United States. Our tariff reductions are often windfalls which have been of great trade value to some countries.

Equally important is the fact that a number of countries with which the United States has trade agreements have taken advantage of the escape clause in the General Agreement on Tariffs and Trade (GATT) to refuse to extend their tariff reductions to certain countries. A good example is the refusal of some European countries to extend their tariff reductions to low-wage countries such as Japan. We believe that the most-favored-nation policy should be applied multilaterally by all parties to future trade agreements. We strongly urge that new legislation require such action by other countries as a condition of U.S. participation in future trade agreements.

We endorse section 241 which authorizes the appointment of a special representative for trade negotiations. The negotiation of agreements is a vital element of the trade-agreement program. We believe it to be quite desirable that an appointed public official bear the responsibility and accountability for agreements consummated with other countries.

ANTIDUMPING ACT

We recommend that Congress amend the Antidumping Act to establish realistic and simplified rules for protecting domestic industries from the sale of products in U.S. markets at prices below those in the country of origin. Under section 201 of this act, the Secretary of the Treasury is authorized to investigate the sale of imported products if he suspects they are being sold at less than their market value.

At present, the application of this act is ineffective. It provides no clear legislative policy as to what constitutes injury to an industry for purposes of invoking the sanctions therein. We recommend that Congress amend the act to provide that, whenever imports are being dumped on the domestic market at prices less than their estimated market value in the country of origin, the sanctions of the act shall be imposed without delay or the necessity for proof of injury.

INFLATIONARY LABOR COSTS

Finally, I would recommend that Congress take a good look at the inflationary effect of two minimum wage laws on the production costs

of American industry. I refer to the Walsh-Healey and the Bacon-Davis Acts. Both are unnecessary duplications of the Fair Labor Standards Act and are used to increase wage rates outside collective bargaining in our most important industries, including the electronics industry. They should be repealed to remove another handicap to U.S. competition in international trade.

The CHAIRMAN. Thank you very much, Mr. Sprague.

Any questions?

Our next witness, then, is Mr. Seymour Graubard, American Institute for Imported Steel, Inc.

STATEMENT OF SEYMOUR GRAUBARD, COUNSEL TO THE AMERICAN INSTITUTE FOR IMPORTED STEEL, INC.

Mr. GRAUBARD. Mr. Chairman and members of the committee, my name is Seymour Graubard, 40 Wall Street, New York, N.Y., and I appear before you in my capacity as counsel for the American Institute for Imported Steel, Inc. The institute and its members endorse H.R. 11970. As a matter of economy of time, I shall limit my remarks to two phases of the subject before you. Each concerns an aspect of international commerce which limits trade and creates irritations among friendly nations. The first is the Buy American Act. This statute, enacted in the thirties as a depression measure, has managed to survive and flower during the days of our greatest prosperity.

We have available to your committee the results of an investigation we have made concerning similar legislation in the Common Market nations. As these have been published in the official transcript of the House Ways and Means Committee on H.R. 9900 (official transcript, pt. VI, pp. 3585 to 3602), I shall not take your time by repeating details. May I simply note that of the seven nations surveyed—the Inner Six and the United Kingdom—only one, Belgium, has a law similar to the Buy American Act. In no other nation is there any statute prescribing or authorizing any system of governmental purchasing designed to discriminate against imports. I offer one supplement to my prior testimony. I have recently been advised that Belgium does not in practice enforce its restrictive statute. Thus, our Nation alone, in its trade with the Common Market nations and the United Kingdom, makes use of this discriminatory legislation.

Recently, we all read of the protests made by the domestic steel industry and by certain Members of the Congress in regard to a purchase of \$400,000 worth of steel ship plate by the U.S. Navy from a German company. As you know, under the President's Executive order supplementing the Buy American Act, an import may be purchased by Government agencies when the price of the imported article, after payment of import duties, is at least 6 percent under the lowest domestic price. In this case, the German company bid some 20 percent under the domestic mills on some 2,500 tons of steel plate.

I believe your committee may be interested in one fact that has not been publicized in this case. The exporter of this steel, Heuttenwerk Oberhausen A.G., has just purchased and taken delivery of \$1,500,000 worth of equipment for its steel mill, and this equipment was purchased in the State of Pennsylvania. Furthermore, this same German

concern is currently negotiating in the United States for the purchase of several million dollars more of machinery.

On the basis of the most elementary rules of arithmetic it would seem that the waving of the American flag in this and similar instances is not an act of patriotism. Looking at the broader picture of the exchange of trade between the United States and Western Germany for the first 4 months of this year, we find that our exports to Germany amounted to \$529 million in comparison to imports from Germany of \$295 million.

The unilateral imposition by the United States of a trade barrier such as the Buy American Act creates irritations where there should be cooperation, and must inevitably lead to the erection of corresponding barriers abroad. Since the balance of trade is in favor of our Nation, we should do all we can to encourage the widest purchase of goods in international commerce. I, therefore, respectfully suggest that your committee consider including in the pending bill a provision which would authorize the President to suspend the application of the Buy American Act in return for the elimination of equivalent discriminatory practices abroad.

I now turn to a second aspect of trade restrictions which I believe deserve inclusion among the provisions in the pending bill. This is discrimination against imports practiced by State and local governments across our Nation.

You may be personally unaware of the fact that many of our State and local governments have, in recent years, through statutes, ordinances, and administrative decrees, taken on the Congress prerogative of regulating our foreign commerce. The State Department has received many complaints about the passage of legislation or the issuance of executive decrees that prohibit the purchase or use of imported materials. Not only are many of these actions illegal under applicable provisions of State constitutions but they are also improper as a matter of our treaty obligations. Our Government, under the GATT accord, is committed to eliminate local discriminatory legislation and executive orders to the "fullest extent not inconsistent with existing legislation." The existing legislation referred to is that in force in 1947.

Clearly our Government's obligation does not exclude the Alabama statute enacted in 1961 which restricts purchases by private contractors engaged in the construction of roads in Alabama. Even now the State of Washington is considering the adoption of a restrictive statute aimed at imports. Even in my own State of New York certain departments refuse to allow the purchase of any imported materials. Various cities by fiat of their mayors throughout the Nation simply prohibit the purchase or use of imported materials.

Let me read to you an excerpt from the Daily Metal Market of July 19, 1962, dealing with the sale of reinforcing bars:

One factor helping the American steel industry to beat back imports in the rebar field is that quite a few governmental bodies, on the State and local level, have acted to forbid the use of imported steel in public construction.

Since January 1 this year, from 30 to 40 percent of the Texas rebar market has been closed to importers as a result of a highway commission order banning the use of imported rebar in roadbuilding projects.

This action in Texas violates our treaty obligations, but the Federal Government has ignored it. But this is consistent under Federal nonaction in the Federal roadbuilding program which calls for expenditures of hundreds of millions of dollars of Federal moneys by the States each year. Several of the States have refused to allow imported materials to be used by contractors in this program. Two years ago the Bureau of Public Roads of the Department of Commerce issued an order applying the provisions of the Buy American Act to road contracts. This would be given preference to domestic materials on the basis of at least a 6 percent differential in price, but the order never went into effect. It was suspended and remains suspended.

Our allies in Western Europe are well aware of the fact that it is normal under our Federal system of government for the States and local governments to be administered separate and apart from the Federal Government. However, they are also aware that under the Constitution the regulation of foreign trade is the responsibility of Congress. They have complained of the violations of our treaty obligations. They know that under the GATT provisions, once import duties have been paid, imported items are to be accorded treatment no less favorable than that accorded to like products of national origin in respect to all laws, regulations, and requirements affecting their internal sale (GATT, pt. II, art. III, par. 3).

I wish to call the attention of this committee to section 252 of the instant bill. The House Ways and Means Committee adopted a provision which would require the President to take all steps in his power to eliminate unjustifiable foreign import restrictions which impair the value of the tariff commitments made by the United States, oppress the commerce of the United States, or prevent the expansion of trade. However, this section failed to empower the President realistically to accomplish this objective. For the President to eliminate discriminatory actions, which we know exist abroad from time to time, he must be in a position to eliminate similar discriminatory practices within our own Nation. I submit that the Congress should give the President the power to eliminate State and local discriminations against imports conditioned upon similar or equivalent elimination of discrimination abroad. We know, of course, that local discrimination abroad does not exist as a matter of practice because centralized controls of the national governments are great enough to prevent that. However, administrative abuses do exist. The President should be empowered to act in our interest in this area. This he can do only by having the power to eliminate discrimination on our side of the ocean.

Unless we look to our own discriminatory practices, we may see repeated the recent byplay between our Government and the Common Market nations. Last March the President increased import duties on woven carpets and certain types of glass on the basis of reports from the Tariff Commission. In June of this year the European Economic Community increased tariffs on certain chemicals exported to it by the United States. The amount of trade affected each way was just \$27 million. The lesson should not be lost on us.

It has been American inspiration and American initiative which has made the Common Market possible. We have made Western Europe strong, and we must deal with our friends as equals. We should be

careful, therefore, not to decrease tariffs on a mutual basis with great fanfare while at the same time quietly allowing our local governments to interfere with our foreign trade to a substantial extent and in a most irritating way.

On behalf of the American Institute for Imported Steel—and for myself personally as well—I urge your committee, therefore, to take corrective steps by amending the instant bill as suggested. Whether or not such amendments are made, we urge adoption of H.R. 11970.

The CHAIRMAN. Thank you, Mr. Graubard.

Any questions?

The committee will adjourn until Monday at 10 o'clock.

(The following letter was later received with reference to the colloquy on p. 186:)

THE SECRETARY OF COMMERCE,
Washington, D.C., August 1, 1962.

HON. JOHN MARSHALL BUTLER,
U.S. Senate, Washington, D.C.

DEAR SENATOR BUTLER: In the course of my testimony on H.R. 11970, the trade bill, before the Senate Finance Committee on July 23, 1962, you inquired whether the administration would have any objection to changing the word "or" on page 10, line 14, to "and" so as to prohibit the President from negotiating a concession with respect to an article under section 224 until the Tariff Commission had made its report as to injury and 6 months had elapsed.

It is our feeling, upon reflection, that the provision in section 224 should remain as the House passed it. It is inappropriate that the bill should permit the Tariff Commission, by defaulting in performance of its obligation under the bill to report within 6 months, to prevent the President from going forward with tariff negotiations authorized in the bill and which he deems to be of overriding national importance. We do not understand that the Tariff Commission expects to be unable to meet the 6-month requirement. Moreover, if the Tariff Commission completes its work in less than 6 months, the President should not be required to wait the full 6 months, which would be required if the word "and" were to be substituted for the word "or."

Sincerely yours,

LUTHER H. HODGES,
Secretary of Commerce.

(Thereupon, at 10:45 a.m., the committee recessed, to reconvene at 10 a.m., Monday, July 30, 1962.)

