

ance of payments program of the Defense Department is being undermined. Of further significance to this problem is a trade agreement entered into last fall with Japan, a leading competitor in the hand tool industry, which provides for reductions in tariffs on hand tools.

This will result in more difficulty for our domestic industry in competing with foreign producers and therefore in even less effectiveness for Defense's balance of payment program as long as the GSA regulations remain in force.

Because of the importance of this matter, the recommendations of your Subcommittee last year, and the basic need to eliminate an unjust and inconsistent policy I strongly urge that your Subcommittee take all steps within its power to bring about the adoption of uniform standards and procedures under the Buy American Act and to eliminate the difference in hand tool industry protection which exists today only because procurement for hand tools was switched from the Defense Department to GSA in 1964.

With my warm regards, I am

Cordially yours,

SILVIO O. CONTE,
Member of Congress.

MAY 5, 1967.

Hon. SILVIO O. CONTE,
House of Representatives,
Washington, D.C.

DEAR SILVIO: I am in receipt of your letter of May 3, 1967, concerning the inconsistencies in the use of differentials under the Buy American Act. This letter will be brought to the attention of the Subcommittee on Economy in Government of the Joint Economic Committee at hearings beginning May 8, 1967, and will also be placed in the printed hearings.

Sincerely,

WILLIAM PROXMIRE, *Chairman.*

SERVICE TOOLS INSTITUTE,
New York, N.Y., April 12, 1967.

Subject: Improper application of Buy American Act in Government purchasing.

Hon. WILLIAM PROXMIRE,
Chairman, Joint Economic Committee, New Senate Office Building, Washington, D.C.

DEAR SENATOR PROXMIRE: Representing the domestic manufacturers of hand tools, including those in the State of Wisconsin, we respectfully request and urge that your Committee take immediate steps to correct a grossly improper application of the Buy American Act by the Bureau of the Budget, in the case of two Government departments, namely, General Services Administration and the Department of Defense.

We refer to the hand tool buying policy of the Department of Defense which permits a 50 percent differential in favor of American manufacturers while the General Services Administration is allowed to use only a 6 percent differential on the same items. Because of this policy, foreign bidders are obtaining awards from GSA with its 6 percent differential, which would not be possible if the procurement were made by DOD. Obviously, if this policy continues, the already substantial loss of business by American hand tool manufacturers will continue to increase and the USA balance of payments will worsen further. *It is, of course, obvious that the GSA differential in favor of American manufacturers should be 50 percent, the same as the Department of Defense.*

We would also like to bring to your attention the attached article from the Wall Street Journal of Monday, April 10, 1967 announcing the adoption of a 50 percent purchasing differential in favor of American manufacturers on purchases of goods and services for Government civilian installations abroad, but not on purchases for shipment to U.S. Depots.

This announcement raises the question as to why the GSA cannot also be permitted to allow the same 50 percent differential on purchases for shipment to U.S. Depots. This correction, when made, would eliminate the unfair advantage now given foreign manufacturers of low-wage cost tools under the present 6 percent GSA differential referred to above.

May we also remind you that after a Hearing of the subcommittee on Federal Procurement and Regulation (now the Subcommittee on Economy in Govern-