

months of 1967 reveal that this year's imports are running 13.1 percent ahead of those of last year.

Chairman PROXMIRE. Do you have any statistics, Senator Brooke, on what this represents to the industry—this \$14 million figure?

Senator BROOKE. No; I do not have that figure, but I can get it for you, and I will supply it to the committee, Mr. Chairman.

These inroads, which are primarily the result of activity by Japanese bidders, could have been avoided to a great extent had the purchasing of handtools been conducted on the basis of Department of Defense rather than GSA standards. The divergence of purchasing standards applied by the Department of Defense and GSA affects the domestic handtool industry in a highly discriminatory fashion. Purchases from foreign manufacturers constitute only 1½ percent of total GSA purchases; but, handtool purchases constitute some 57 percent of the GSA foreign purchase total.

Is that the figure you want?

Chairman PROXMIRE. Let me see.

Well, the 57-percent figure gives the percentage of the GSA foreign purchase total. But, what I wanted was the impact of the \$14 million on the industry as a whole.

Senator BROOKE. That percentage upon the entire industry. All right, fine.

(NOTE. Material which covers the Chairman's question was subsequently received from the Service Tools Institute and appears in app. 9, p. 550.)

Obviously the application of GSA purchasing procedures has resulted in severe dislocation within the American handtool industry.

The Bureau of the Budget has the authority to order a change in the application of price differentials to end discrimination against the domestic handtool industry. However, the Bureau has temporized on the subject. Upon being asked by the Federal Procurement and Regulation Subcommittee whether it favored continued application of different price differentials, the Bureau replied as follows:

As a temporary measure, the Bureau of the Budget has supported the existing practice among civilian agencies and the Department of Defense. We believe the existing difference between the practices followed by the Department of Defense and the civilian agencies should be eliminated when problems of trade negotiations and balance of payments are less critical. We believe a change at this time would not be advisable but will be pleased to support appropriate actions toward a more uniform policy as soon as these problems are relieved.

The subcommittee observed in its report that this response did not meet the issue, commenting:

To the extent that GSA takes a different course and makes awards to foreign producers, the Department of Defense Balance-of-Payments program is undermined as is any existing trade agreement.

And the subcommittee recommended:

The subcommittee strongly recommends that the Bureau of the Budget take steps to apply uniform differentials under the Buy American Act for the same items regardless of which Federal agency does the buying for the Government.

As the Federal Procurement and Regulation Subcommittee pointed out, the American balance-of-payments problem will be aggravated rather than relieved by purchasing policies which result in the capture of increasingly large segments of a given industry by foreign manu-