

type of impediments to free trade that are implicit in import quotas and other trade restrictions. Despite the gap between wage rates in the United States and other countries, we think that American productive know-how and entrepreneurial skill should continue to enable us to compete favorably without inviting the type of retaliation against a wide variety of United States exports, that would certainly issue from friendly countries with whom we trade.

The American steel industry, among others, has requested protection in the form of import quotas. Our experience with domestic steel sources has been good in the areas of service and R&D support. Considering the introduction of so many new and varied materials from the world's research laboratories, the steel industry needs to keep constantly on the alert for new applications. This is quite important, for despite the unsettled conditions of the world, we need to have trade flexibility and yet maintain a viable domestic steel industry.

We believe that government imposed import restrictions would not produce results favorable to Black & Decker; however, to subsidize exports to those nations who subsidize their trade with the United States might be a more effective approach. A more suitable depreciation policy to encourage new investment along with investment tax credit improvements may also be a more effective form of government support than restraint of trade.

In conclusion, we agree that government needs to consider this very real problem but their response should not be in restraint of trade.

Sincerely,

ALONZO G. DECKER, Jr.,
Chairman of the Board and President.

DAVIS WIRE CORP.,
Los Angeles, Calif., July 9, 1968.

Hon. WILBUR D. MILLS,
*U.S. House of Representatives,
House Office Building, Washington, D.C.*

DEAR CONGRESSMAN MILLS: We are opposed to any steel import quota or duty. The question of duties and quotas on steel products is a very complex problem and will have an effect on many firms such as ours in this country.

It is, of course, extremely alarming to see the number of imports coming into this country and also the condition of our balance of payments. A blanket increase on duties or quotas on all steel products is certainly not the answer in the world market that exists today. We must live in a world market and we must do business in the world market. In order to do business we must be competitive, we must be efficient and must produce a quality product.

The basic steel industry in this country is behind in quality and efficiency compared to mills in Germany, France, Japan, and Belgium. This, of course, is of great concern to us as a large user of steel in this country. The condition that our mills are in today has been basically brought about by three reasons:

1. Most of the management of our steel industry has been extremely lethargic until the last few years when they began to realize what was happening in the market place and are now beginning to make sales and technological changes.

2. The unions, almost being sanctioned by our government, were able to obtain practically any demands they requested in their negotiations. The steel industry would do little to fight this situation because they felt they could immediately pass along any wage increases to the consumer, and, therefore, there was little thought given to the excessive demands that were asked by the unions five and six years ago. By granting these demands, it helped put this country in a non-competitive position in the steel industry. But, again, I must add that through better marketing philosophy and technological advances, we could have overcome this problem.

3. Instead of our steel industry and the government working together as is the case in most other countries, they have been diametrically opposed to each other and there has been no help as far as encouraging exports or working out the problems of imports.

We are the largest manufacturer of wire and wire products in the West and probably in the United States that is not a basic producer of steel. By basic producer I mean a company that melts their own steel. We are a converter who purchases hot rolled wire rod, which is a semi-finished steel product. We cold draw wire rod into many different sizes of wire which are made into other types of finished wire products. Most of the basic steel producers in our marketing