they were imposed, were slow to correct the situation. Normal conditions and stability in the U.S. industry were not achieved until 1964–65.

When that point was reached, the Government decided to terminate the quotas, effective October 22, 1965. In the face of known facts about rapidly increasing production in foreign countries, the industry made strong representations that the quotas be suspended, rather than finally terminated, but to no avail. The Government thus invited another invasion cycle, which actually commenced fairly promptly. The evidence is found in the import statistics. In 1964, when quotas were in effect, imports of zinc metal for consumption were 134,100 tons. In 1966, following termination of the quotas in October, 1965, the imports of zinc metal rose to 278,300 tons, an increase of over 100 percent. Likewise, imports of lead metal rose from 218,000 tons under quotas in 1964 to 364,000 tons in 1966, an increase of 67 percent.

EXPERIENCE WITH THE PREVIOUS QUOTAS

The experience of operating under the quotas, in effect from October 1, 1958, to October 22, 1965, has much to offer as a guide to the future.

Despite initial apprehensions of both domestic producers and countries exporting to the United States, it soon became evident that the quota plan was a workable instrument, and all concerned accommodated themselves to it, and there were no apparent disadvantages or hardships in any quarter to outweigh the advantage, actually to the free world industry as a whole, of accomplishing stability in the U.S. industry.

Albeit slowly, the quota plan did accomplish its purpose. Experience did reveal, however, certain deficiencies which prevented it being as fully effective and acceptable as it might otherwise have been, and as effective.

For example, the quotas were fixed quantitative ones, not only with respect to total, but with respect to specific country allocations. They were, therefore, inflexible, and could not readily be accommodated to changing circumstances, such as growth in consumption in the United States, and significant developments of expansion or contraction of available supplies in free world countries exporting to the United States.

Also, the quotas were confined to basic ores and metals, and this generated the so-called end run practice of circumventing the quotas by shifting exports to the United States to other zinc and lead derivatives and products not covered by the quotas. Zinc oxide, rolled zinc, and litharge are examples of products that should be included in any quota program, to prevent circumvention of the purpose for which quotas are established.

The proposals of the industry for a standby flexible quota program would cure these defects and provide an enduring solution with flexibility to meet changing circumstances.

PROPOSAL OF A STANDBY FLEXIBLE QUOTA

It is not my intention to discuss in detail the standby flexible quota program now proposed by the industry, but rather to state only the principles involved. In brief, these are as follows: