

The unfortunate treatment given to brass mill products in the Kennedy Round, indicates an absence of any serious consideration of the foreign trade impact on the brass mill industry. It is hard to believe that if consultation had been had by our negotiators with experienced men in our industry, or with our special technical representative, familiar with the practical factors involved, such an inequitable treatment of our industry would even have been considered.

Apparently the overriding consideration of our negotiators was to accumulate the maximum dollar total on which tariffs were reduced, without much serious attention to individual industries like ours, even though they had already been adversely affected by imports.

CHANGES ARE NEEDED IN OUR FOREIGN TRADE POLICY

Our own experience and what we have learned from the experience of other industries under our foreign trade policy, indicate that a reappraisal of what that policy has accomplished is very much in order. Without any intent to argue the importance of foreign trade as such, there seems good reason to question the inordinate emphasis on expanding our exports without much thought being given to the possible cost to domestic industry from the accompanying increase in unneeded imports. Apparently the unqualified supposition is that without a substantial increase in our exports, our whole economy will go down the drain. Basic in this concept which has governed our foreign trade policy for the last 30 years, are a number of widely publicized but inherently questionable allegations.

There is first the insinuation that those who object to any aspect of our foreign trade policy are opposed to foreign trade as such. This, of course, is absurd. No sensible businessman opposes the indefinite expansion of our foreign trade by any fair means which will not impose an unwarranted burden on domestic industry. He has no desire whatsoever to limit the gains that accrue to financial concerns, exporters and importers in the course of expanding foreign trade. His objections are related only and specifically to the implacable attitude of those particularly concerned with expanded exports against limiting unneeded imports in any way, and their failure to pay adequate attention to the importance of preserving our domestic industry while seeking the expansion of our foreign trade.

A study of the ratio of our foreign trade to our gross national product back to 1921, raises some serious questions as to some broad claims of progress which have been made to support our foreign trade policy. Exhibits F and G, in tabular and graph form respectively, present the essential data. These exhibits show merchandise imports and exports and their total (on an enlarged scale in Exhibit G to show fluctuations), the gross national product, ratios of merchandise imports and exports and their total to the gross national product, and the average percent duty calculated on the value of merchandise imports. No adjustment has been made in the published data to exclude exports under foreign aid and grants paid for directly or indirectly by our taxpayers, or to add the cost of freight and insurance to our imports to disclose their cost landed in the United States; in other words, no adjustments have been made to indicate our true commercial competitive position in our foreign trade.

Even so, this study indicates that our foreign trade has never been so great compared with our gross national product (graphically indicated in Exhibit G), that reasonable adjustments resulting from fair treatment of the import problems of domestic industry would critically affect the integrity of our economy. Since 1948, when our foreign trade policy went into effect (the occurrence of World War II prevents any inferences previous to that time), our foreign trade has varied irregularly between 6.6 percent and 7.8 percent in relation to our gross national product, with no indication of any consistent increase related to the passing of time. In our percentage of free world trade we have also slipped, as shown on Exhibit H. How much more foreign trade now really means to our trading partners, on the other hand, is indicated by the percentages of their foreign trade as related to their gross national products in 1966: Canada 35 percent, EEC 33 percent, EFTA 35 percent, and Japan 20 percent. It is no wonder that they bargain so astutely for concessions.

It is interesting to note that in the 20's when this country as well as a substantial part of the world enjoyed general prosperity, our foreign trade as re-