The Secretary of Commerce endorsed the Administration bill "as providing the tools for creating a world trading environment in which American business and American labor can participate equitably in the benefits of expanding world trade." He cited data to show that exports have expanded at a growth rate of 6.7% from 1960 through 1967, from $19.6 billion in 1960 to $30.9 billion in 1967. In this same period, imports increased by 9%, from $15 billion to $26.8 billion. He attributed the recent increase in imports to "an inflating domestic economy", "the copper strike and the threat of a steel strike".

While Japan does, and did, purchase close to a billion dollars worth of agricultural products from the United States annually, being America's biggest cash customer for farm output, Japan is also a major buyer of American machinery and industrial equipment. In 1966, for example, Japan purchased industrial machinery, other than electrical, valued at $225 million, transport equipment valued at $125 million, and professional instruments valued at $55 million, among import items from the United States valued at $2,311 million.

The Secretary of Labor recorded that "in recent years expanded trade and high employment have gone hand in hand . . . In general, . . . the lowering of trade barriers increases, rather than reduces, net employment . . . We recognize that some imports may cause dislocation. That is why we urge liberalizing the adjustment assistance criteria so as to deal effectively with employment dislocations resulting from import competition. But taking import and export factors together, it appears certain that a tightening up of foreign trade policy would result in fewer, not more, jobs."

The Special Trade Representative explained the gains made by the United States in the recently concluded Kennedy Round of tariff negotiations, discussed the background and detailed the specifics of the Administration's trade package, as well as underscoring the need for the proposed measure and the real dangers of protectionist legislation, with particular reference to the balance of payments and inflation problems.

He noted that Japan was among those trading partners which were considering certain positive steps to help America's current balance of payments and gold situations.

The Special Assistant to the President on Consumer Affairs urged that the "rights" of the consumers be protected through enactment of the Administration trade package. She spelled out in specific detail the exact "added cost" to various necessities if import quotas were levied. She cited apparels as an illustration of the consequences of the textile quota bills, estimating that clothing alone, for a family of four, would cost $25 to $30 annually to begin with.

If imports are restricted by protective means, and domestic prices permitted to skyrocket, it would be like imposing "an added tax on low-income consumers", in the words of the 1968 Tariff Commission, if the poor and the disadvantaged who are so dependent upon inexpensive, "best buy for the dollar" garments from Japan are forced to pay higher prices.

In quick summary, then, while agreeing unanimously to the many and great advantages that would accrue to the citizens and nation from an enlightened trade policy, the President and his principal trade officials were equally agreed that a reversion or return to protectionism, regardless of the guise or reason, would be most detrimental to the general welfare of the people and the country.

Textile tariff reductions

The Administration's trade package provides for an extension of the President's authority to enter into trade agreements with foreign countries.

We understand this authorization to mean that the Chief Executive may use his power to reduce rates up to 50% for those items for which he did not choose to lower rates to the maximum in the recent Kennedy Round of tariff negotiations.

Since it is conceded that in the final stages of the Geneva negotiations a number of offers to reduce textile tariffs were withdrawn or modified, and since United States tariffs on textiles continue to be higher—on the average—than those for most industrially advanced countries, including Japan, we urge that the tariffs on most textile imports be further reduced.

As we understand the consequences of the Kennedy Round for textile imports into this country, on a weighted basis the United States agreed to tariff reductions which averaged about 13% on $876.7 million worth of imports (1965 computations) of cotton, wool, and manmade fiber textiles, or 37% less than the maximum 50% authorized by Congress.