as a bonus to inefficient manufacturers—a result which is not consistent with our traditional economic concepts regarding the survival in the market place of efficient manufacturers.

On the other hand, those domestic manufacturers who are efficient and who have kept pace with technological developments are not at a cost disadvantage. They therefore do not need a tariff increase to maintain their share of the domestic market.

3. An increase in the tariff will work to the detriment of both American consumers and retailers. The most significant group to suffer will be low-income consumers who now constitute the major purchasers of these rugs. If higher tariffs are imposed, the retail price of tubular braided rugs will rise sharply. The inevitable effect will be to squeeze low-income consumers out of the buying market because as the Tariff Commission recently found in its comprehensive survey of the textile and apparel industries "cost is a major consideration" for these "lower income groups." [1]

The second group to suffer from this contraction in the buying market will be those retailers who specialize in low-cost rugs and those importers who have developed the tubular braided rug market. The market which they succeeded in creating will have shrunk drastically under the pressure of stringent new import restrictions whose justification is sorely lacking.

4. Added to the domestic detriment that will result from new import restrictions is the harm that will accrue to foreign producers who make virtually all of their tubular braided rugs for export to the United States. For example, in Japan—the largest exporter of tubular braids—approximately 20 times as many persons are directly supported by the tubular braided rug industry as in the United States. As a result, the ratio of jobs relating to the production of tubular braided rugs to population is over 30 times as great in Japan as it is in the United States. If tariffs on tubular braids increase, the inevitable result will be an increase in rug prices, a constriction of the American buying market, and a loss of hundreds of jobs in Japan and other foreign countries. In short, a tariff increase will only exacerbate the present problems of foreign tubular braided rug manufacturers, whose exports to the United States declined significantly during 1967—dropping by some 26.8 percent.

5. Finally, the proposal for a threefold increase in the tariff on tubular rugs is obviously contrary to the entire U.S. position on foreign trade and the strenuous efforts made in recent years to expand foreign markets by reciprocal tariff reduction. At a time when foreign trade policy is the subject of such broad discussion as at present, there is obviously no need for us to elaborate on the disruption of U.S. foreign trade that would result from this tariff increase. Tubular braided rugs—little known in the vast and prosperous U.S. economy except among low-income families and the stores who serve them—are extremely important to the economies of the countries from which they are imported. These countries are important U.S. trading partners and political allies, and the United States constitutes by far their principal market for these articles.

The burden is clearly upon the supporters of H.R. 6959 to demonstrate clearly and conclusively strong public interests (as distinguished from their own self interests) which justify sacrificing the important national interests described above. No such ground have been shown to date and we believe any careful investigation will show that they do not exist.

Sincerely,

CHARLES I. ROSTOV.

Mr. BURKE. Thank you.

Mr. CONABLE. That is a very interesting statement, sir.

Of course, this technology that you mentioned will be transferred abroad eventually.

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[1] U.S. Tariff Commission, Textiles and Apparel 10 (1968). It would appear that the Braided Rug Manufacturers Association of the United States has little concern for the plight of the low-income consumer. As its executive director recently stated before the Senate Finance Committee:

"Another justification for increased imports is the lower prices they provide consumers. Consumers, being the beneficiaries of our economic system, are not entitled to bargains at its expense." Hearing before the Senate Committee on Finance, 90th Cong., first sess. 696 (1967).