

working men and women? Stripped of all camouflage, that is basically what adjustment assistance does.

Wide differences in unit costs, which are the basis of true competitive standards, explain why the U.S. stainless steel flatware industry and certain other U.S. industries cannot compete with imports. Disparities in manufacturing and processing costs between United States and foreign producers, particularly in the Asian countries, can be traced directly and exclusively to those wide differences in wage rates. There are no major differences in manufacturing or processing methods.

The United States no longer has a monopoly on any equipment or machinery which enables it to offset these much lower wage rates.

I want to impress on you gentlemen that the stainless steel flatware tariff quota was successful.

After an investigation which recognized the preceding facts, the Tariff Commission found the United States stainless steel flatware industry to be seriously injured by imports. The President then proclaimed a tariff quota effective October 31, 1959, on the import of certain stainless steel flatware.

A sufficient optimism was generated by the tariff quota in the domestic producers to warrant their capital expenditures of \$12 million between 1959 and 1966 for plant, machinery, and other improvements to increase efficiency. Sales increased 60 percent within that period, employment increased 15 percent, and man-hours worked increased 46 percent. While profits on average continued at a low level, the domestic flatware industry made substantial and encouraging progress.

At the same time, importers and foreign manufacturers enjoyed significant benefits from the quota as it brought order to a chaotic market where quality was constantly being sacrificed in profitless price wars. During the 8 years of the quota, significant strides were made toward establishing an orderly market for stainless flatware in the United States. Sales of imported flatware continued to rise in about the same ratio as U.S. consumption.

Prior to 1959, Japan concentrated its principal selling efforts on the U.S. market. The imposition of the tariff quota obviously was the impetus that inspired Japan to aggressive selling efforts in other world markets. It has been very successful. While the United States was, and still is, its principal market—its world market has expanded at a very rapid rate. Today, Japan produces and sells more units of table flatware than any other country in the world. It is now No. 1. The United States is No. 2.

We believe that in our case, as well as in many others, the national interest can be shown to be improved by optimum tariffs rather than no tariffs at all. In the case of the tariff quota, benefits can be shown to have contributed substantially to the maintenance of the flatware industries in both the United States and in Japan, its principal foreign supplier (with 80 percent of imports in 1966).

The success of the tariff quota on imports of stainless steel flatware can well be used as an example of the benefits that accrue to the overall U.S. economy when a reasonable import quota is applied to certain specified products. In the 8 years of its operation, it provided job security for thousands of American workmen, safety for many American investors and contributed strongly to the welfare of those cities and towns whose principal industry is flatware manufacturing.