whole process will not have to be repeated when imports absorb the U.S. market for the new product? We doubt anyone has the answers to those questions. But even more important, *is the Federal Government to decide the products U.S. industry shall make? Is it to plan the lives of American working men and women?* Stripped of all camouflage that is basically what Adjustment Assistance proposes.

At present, under the war conditions of Viet Nam, unemployment is low—but what happens when peace does come, and all of us pray it will come soon. Then some 500,000 young men will be returned to the labor market. What about jobs for them if certain industries have been considered expendable and thus the jobs they formerly provided are given to foreign workers? On January 8, 1968, the Economic Unit of the U.S. News and World Report, based on official census data, predicted that the number of Americans of working ages is expected to rise by almost 14% between 1967 and 1975—which means that 12 to 13 million new jobs will have to be created if unemployment is to be held down. This compares with 8.7 million new jobs created in America by business, industry and government in the seven years 1961 through 1967. Facing such a monumental task can any job, in any U.S. industry, be considered expendable? And, thousands of jobs are involved. We are advised by the American Iron & Steel Institute that in its industry alone 85,000 job opportunities are lost today because of steel imports.

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 U.S. 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. Automatic machinery and manufacturing techniques for making stainless steel flatware are available on a world-wide basis. The United States no longer has a monopoly on any equipment or machinery which enables it to offset these much lower wage rates.

STAINLESS STEEL FLATWARE TARIFF QUOTA SUCCESSFUL

After an investigation which recognized the preceding facts, the Tariff Commission found the U.S. Stainless Steel Flatware Industry to be seriously injured by imports. The President then proclaimed a Tariff Quota effective October 31, 1959, on the impact 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% within that period, employment increased 15% and man hours worked increased 46%. 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 eight years of the quota significant strides were made toward establishing an orderly market for stainless flatware in the U.S. The "fast buck" operators who had preempted responsible importer distributors of flatware prior to the quota sought other areas of activity. 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 U.S. was, and still is, its principal market—its world market has expanded at a very rapid rate. Between 1959 and 1966, its exports of quota and non-quota type flatware to the U.S. increased 71% and, during the same period, its total exports to all countries increased 175%. Today Japan produces and sells more units of table flatware than any other country in the world. It is now #1. The U.S. is #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 (80% of imports in 1966).