STATEMENT OF GILBERT C. RICHMAN, BUTTON DIVISION, SOCIETY OF THE PLASTICS INDUSTRY, INC.; ACCOMPANIED BY SIDNEY EMSIG, CHAIRMAN

Mr. Richman. Mr. Chairman and members of the committee, my name is Gilbert C. Richman. I am the president of U.S. Plastic & Chemical Corp. of West Haverstraw, N.Y., a producer of polyester button blanks. I am here representing the button division—of which I am a former chairman—of the Society of the Plastic Industry. This is the same society about which Mr. Christopher has been speaking to you.

Our division represents perhaps the smallest of all the divisions of the SPI. We do, however, represent 80 percent of the domestic production of polyester buttons and button blanks. All of the companies in our industry are classified by definition as "small business."

There is no need at this time to go into the background of the tariff avoidance devices that have caused so much turmoil within our industry. The committee has been most sympathetic to our problems through recent years and has been most instrumental in closing two loopholes that have caused the serious situation within the industry. The closing of the second loophole about a year and a half ago has provided us with the first effective tariff relief that has been available for the past 5 or 6 years.

We are frankly an import-sensitive, tariff-protected industry. We are reconciled at this time to domestic sales only. We have long since lost all of our export markets.

I have not read, Mr. Chairman, the brief that we have submitted but would like to comment very quickly about two of the points raised therein. The first addresses itself to the question of tariff preferences for the less-developed countries, (LDC's.) I have personally visited a dozen of these countries and have been in button manufacturing operations in six of them. As a consequence. I think that I know their capability on a firsthand basis. Inasmuch as 50 percent of the cost of manufacturing an average button of this sort is in the form of wages, it is obvious that those countries with very low wages would have a very material advantage over domestic production.

In addition to this, there is the very strong probability that, should such advantages be granted to the LDC's, that machinery manufacturers and holders of patents and processes in more strongly economied countries would give or lend or lease their machinery and their know-how to these less-developed countries. As a consequence they would be controlling the output of these countries, within our industry, on a *de facto* basis. It would be obvious under circumstances of this sort that there would be no real economic benefit in granting such tariff preferences.

The second main point in our brief deals with the imports of buttons coming in attached to garments. Last year these buttons amounted to the amazing quantity of 11,820,000 gross, or almost two billion of buttons. This alarming growth is related to the advent of the synthetic man-made fibers which are now proliferating and which are causing great increases in the imports of finished apparel.

We would suggest that some consideration might be given for limitation of some of these manmade fiber imports in much the same fashion