

THE U.S. CONFECTIONERY INDUSTRY

The confectionery business in the United States is a substantial industry. In 1967 the industry produced, according to the U.S. Department of Commerce, approximately 3,765 million pounds of candy, with an estimated manufacturers' value of \$1,617 million and at the manufacturing level employed 64,800 people. Many thousands more were employed in distribution and also in providing the raw materials and machinery used by the industry.

The U.S. confectionery industry also extensively is involved in international trade. Most importantly, we purchase annually many millions of dollars of raw materials used in the manufacture of candy. A substantial quantity of the sugar we use is imported, as are all of the cocoa beans. We also import extensive quantities of tree nuts, including Brazil nuts, filberts, and other nuts, and various flavorings and fruits. There is substantial importation of candy, but very little export of candy.

THE 1962 TRADE EXPANSION ACT

In April 1962, when this committee was considering what ultimately became the Trade Expansion Act of 1962, the National Confectioners Association presented a witness at the hearings. He was Mr. Stephen T. Powers, vice president of E. J. Brach & Sons, Chicago. He expressed the reasons for opposition of the National Confectioners Association to the proposed legislation. He stated that enactment would be, "A step in the wrong direction." He also said:

Although the supporters of this program think they are right, we urge them to stop for a moment and think, "Could we possibly be wrong?" If so, then even the advocates of unbridled free trade should be convinced that the present proposal would be ruinous to American industry, because after the effects were being felt, what steps then could the United States take to correct the situation? We know from experience the howls which have been heard from countries having high tariff walls themselves when on rare occasions a United States tariff has been increased, following injury to a domestic industry. How loud and wide would they howl if many United States tariffs had to be increased because of injury following injudicious reductions? The history of the program shows that our negotiators either did not try very hard, or else they did not know how to bargain. Should we broaden the authority of these negotiators, or would it be better judgment to eliminate their authority, and reappraise the entire problem of how best to handle tariffs?

We think it would be desirable if Congress would reassert its constitutional responsibility and legislate directly on the subject of tariffs.

RESULTS OF U.S. TRADE POLICY

We recognized then that if the program proved to be unsound, as we believe it now has proved to be, that correcting it would be difficult; and, just as he predicted then, the mere mention now of the United States considering corrective action has brought forth the howls that we felt would occur. Unwise as we believe it was to go forward with the Trade Expansion Act and as uncomfortable as some may feel it will be to make adjustments now, it will be far better to face up to the situation now rather than later. It would have been far better to have faced up to the situation in 1962; and, if we had done so, we do not