RECOMMENDATIONS

Our recommendations in connection with H.R. 17551 are as follows:

1. Do not grant the requested authority to effectuate unused tariff cutting authority. Administrative authorities have demonstrated that they are ruthless when given tariff cutting authority. Our recommendation in this connection actually has no bearing on the confectionery industry because confectionery and chocolate duties were cut 50 percent at the Kennedy round. In our national interest, however, it is wrong to give additional authority to those who have used it injudiciously and without temperance and restraint. As a practical matter, our national situation is such that we cannot afford any additional tariff cuts in the foreseeable future.

In this connection we think it is interesting that the President, in his letter to the Congress requesting extension of tariff cutting authority, cites as a justification that—

> The United States might find it necessary to increase the duty on a particular article as the result of an "escape clause" action or a statutory change in tariff classification. In such event, we would be obliged to give other nations compensatory tariff adjustments for their trade losses.

We think it would require a most unintelligent fish to take this bait and certainly not you members of the Ways and Means Committee. What tariffs have been increased through the escape clause procedure under the 1962 act? As you are aware, the answer is none. We believe there would be no tariff increases by administrative action under this requested extended authority if granted. If fair treatment is to be obtained for U.S. industries and workers, we are convinced it will occur as a result of Congress taking the action and not by administrative action.

2. Liberalization of the adjustment assistance provisions should not be enacted. In fact, authority for all adjustment assistance should be terminated. The principle of adjustment assistance or "relief," as we consider it to be, is unsound. Instead of liberalizing it so that some companies and workers could go on "relief," it should be abolished. A private enterprise country should adopt a trade and tariff policy which will develop economically sound U.S. industries and not one which provides relief to industries and workers injured by unfair import competition.

3. Attention should be given to the most-favored-nation rule in two respects. One is that we should not extend most-favored-nation tariff rates to countries which are not members of the General Agreement on Tariffs and Trade and do not grant us tariff concessions in return. If countries want the benefits of tariff concessions negotiated through GATT, they should affiliate with GATT and not obtain the benefits if they do not affiliate unless the United States grants concessions as a result of a bilateral treaty with each such country.

Likewise, it is a mistake to grant most-favored-nation treatment to Communist countries. The items which a Communist country sends to the United States, the quantities of such items which are shipped to the United States, and the prices at which they are offered for sale are determined by the governments of the Communist countries involved, and such countries in turn make their determinations based on what they consider to be their relative needs for foreign exchange and par-