

ability at reasonable prices has helped many smaller manufacturers to compete with integrated producers. The importance of imported components to American producers of consumer electronic products is illustrated by their efforts to obtain reasonable rates of duty for products such as color TV picture tubes and receiving tubes.

I know that some component manufacturers are claiming that imports threaten to destroy their business. These complaints are certainly difficult to understand in view of the published figures on the sales and profits of the major components producers. Certainly their substantial exports do not indicate their inability to compete in the world market. As for the claims of loss of employment due to imports, I was interested to note the press reports on the testimony presented to your committee last week by the Emergency Committee for American Trade. I understand that the ECAT presented an analysis of the statements by Trade Relations Council that employment in the electronic tube industry in 1964 was down 16.7% from the 1958-60 average. The ECAT analysis shows that automation, not imports, was by far the biggest factor in this job loss. In fact, imports were only a 3% factor in job displacement in the electronic tube industry.

Our company imports a number of finished products including TV sets, radios, and tape recorders. My best source of information as to the impact of such imports on the domestic industry comes from the American producers themselves. They are certainly in the best position to determine their need for protection against import competition, and their views should definitely be given close attention. The Consumer Products Division of the Electronic Industries Association has opposed import quotas and other forms of trade restrictions. They have emphasized the important role which imports play in the consumer market by providing home entertainment equipment which is priced within the reach of Americans who would otherwise be unable to buy these products. Furthermore, from my experience in this business, I know that imports, particularly for Japan, have introduced innovations such as the pocket-sized transistor radio and the small screen portable TV set which have made an important contribution toward expanding the entire U.S. market for electronic products.

Thus American manufacturing importers and the American consumer have all benefited from the trade in electronics. But this trade is now threatened by the import quota bills pending before your committee. You have been told about the world-wide repercussions which are bound to come if the largest single trading nation retreats behind a wall of quota protection. But I would like to discuss the effect of quotas on the many small businesses in this country which derive their livelihood from foreign trade.

As you know, import quotas are the most stringent and onerous form of trade restriction. Unlike tariffs which are simply another element in the cost of doing business, quotas completely disrupt the normal factors of supply and demand, and make it nearly impossible to conduct business in an orderly manner. The electronic quota bill and the so-called "omnibus" quota proposals would place absolute limits on the volume of imports.

The advocates of this legislation state that they are only asking for a reasonable regulation of trade. They say that they are not seeking a rollback in imports, and point to provisions which would permit imports to share in the market growth. While these proposals might seem to be reasonable and even liberal when viewed in the abstract, I ask you gentlemen to step in my shoes and think about their impact on the businesses which are engaged in the importation and sale of electronic products. In my view, the practical application of import quotas to businesses such as ours would totally disrupt normal operations and would jeopardize the existence of many small businessmen.

To begin with, I cannot see how one can do business when supply of his stock in trade is totally uncertain due to arbitrary restrictions. Once the annual quotas are filled, all additional imports would be totally barred from this country until the new quota opens. Even if the over-all quota is known in advance, no individual importer can be sure that his own shipment will be entered before the quota is filled. If the gates are closed while the shipment is on the way, the importer must bear warehousing costs until the quota reopens. How can we make commitments to our customers and suppliers, and how can we obtain the necessary financing under such circumstances?

Secondly, absolute limitations on imports imposed by the United States must necessarily result in controls on exports by the supplier nations. In the case of Japan for example, the various mandatory and so-called "voluntary" restrictions on other products have required the Japanese Government and industry to divide