many paper companies were then not yet aware of the potentialities of the foreign market. Their mood was protectionist. They were relying on traditional marketing practices that could no longer fully serve the needs of a rapidly changing world. But in that year, 1955, their policy began to change. Thanks in part to the farsighted leadership of the late J. D. Zellerbach, who headed one of the major paper companies until he became American ambassador to Itlay—thanks to him and others, the industry was persuaded to take a fresh look at the prospects for foreign trade. In 1962, leaders of our association were among the strongest proponents of the Trade Expansion Act, and the testimony they gave is equally cogent today. Since then the progress of the industry has been striking. If today I am able to state our conclusions with confidence, it is because they are based on the solid facts of experience.

The main facts can be quickly summarized. Thirty-eight years ago, when the Smoot-Hawley tariff bill was enacted, the weighted average of tariffs on imports of paper and paper products was approximately 35%. Other countries had also built economic walls around themselves, so that paper companies did not have much opportunity or incentive to expand their foreign business. Our total annual exports in the early 1930's averaged slightly more than 200,000 tons, or in dollars, less than $22 million. In 1934, the Reciprocal Trade Act started a liberalization of our foreign trade relations, and exports began to rise, but 20 years later, in 1954, they were still only $231 million. The next year, however, 1955, the weighted average of tariffs on paper was brought down to 20%, with moderate cuts by some other nations, and in 1956 the paper industry's exports climbed to $275 million. Now we were beginning to move. Six years later came the first Trade Expansion Act followed by the Kennedy Round of 1967. Today the weighted average of United States tariffs for our industry is down to about 8%—and last year's exports were over $700 million, or 3.8 million short tons. That is 19 times the tonnage that we exported during the Smoot-Hawley era.

And the story is still unfolding. By 1972, under existing agreements, our comparable tariffs will be down to 4%—and for that year we conservatively project an export total of $1 billion—40% greater than at present, and almost four times larger than the figure for 1956. In other words, since 1934 the pattern has been one of declining tariffs on paper imports and rising export sales.

TARIFFS DOWN—JOBS UP

The ratio of our current exports to our total sales is now over 4%. This incidently is also the percentage of the nation's Gross National Product derived from exports. For the paper industry, as for the nation, it is a very important 4%—and not only because of the direct profits involved. Exports utilize a substantial amount of domestic plant capacity that might otherwise have to be shut down or might never be built. It must be considered, too, that in addition to our direct exports, we provide paper and paper products which play a part in the exports of other industries. These indirect exports comprise $300 million of printed matter and $275 million of packaging materials for which other industries receive export credit.

The figures below summarize the overall export position of our industry last year:

	1967 (in millions)
Direct exports	$700
Indirect exports:	
Printed material	300
Packaging materials	275
Total	1,275

Our latest data indicate that in our industry employment attributable to exports, direct and indirect, amounts to 8% of total employment. This means that at the current rate of employment 54,000 jobs are attributable to exports. Given a continuation of present trade policies this figure will rise in the years ahead; but if tariff icreases or other trade restrictions here and abroad were to produce a serious decline in our exports, the impact on employment in our industry could be sharp and painful.