

that the large companies could shift and reemploy displaced workers. They recognize that smaller firms would be hurt.

This is hardly reassuring. The Government has very little to say about the future effect except to say, "That the trade will be expanded."

However, on questioning from one of the members of this committee the Government said that this bill was not part of the balance-of-payments legislation. This surely is significant for if the Government had thought that trade would be increased significantly in favor of the United States they would have urged that this would help correct the balance-of-payments situation.

I think it is interesting that our European friends analyze this deal just about the same way we do from where they are sitting. We have a couple of quotations in our main statement appearing on 70 and 71. I just want to refer to two of them. I want to refer to Mr. Fitzpatrick in writing in the "Chemical Age." He made a series of points which are very telling.

He says:

"The effects of EEC's cuts will be marginal, of Britain's relatively small . . ."

He goes on to say that the real effect will be on the United States where he says that the effect will be, to use his words, "revolutionary", and he is making these remarks concerning the low cost, capital intensive, high tonnage materials.

When he comes to the area of plastics and resins he says how far the Europeans will be able to take advantage of this will depend on their level of surplus capacity.

Mr. George Hegeman of Arthur D. Little in a seminar in Germany made almost the same remarks. He forecast that if the American selling price were eliminated imports would rise and that the American chemical industry would be driven to further investments abroad to remain competitive, but he said this time it will be not just to supply foreign markets but they will be investing abroad to supply the U.S. markets.

We asked our members to undertake a study in detail so that we could present a reasoned appraisal to the committee of this deal. We asked them all to fill out a form based on price and cost data taken from their books.

We have set forth in our statement, and I give to the reporter a copy, what we call form A which shows the prices, profits, application of duty, the effect of the Kennedy round and the "separate" package. (See p. 4534.)

We made these calculations on two assumptions: first, that the entire duty cut would be passed along by the foreigners in reduced prices, and, second, that the American producers would not lose their share of the market.

In fact these two assumptions are contradictory. If the Europeans do not pass along the full duty cut they will keep the additional amounts in their own pocket for their commercial purposes elsewhere. On the other hand we do not believe that in face of these low prices we would be able to hold our share of the market and, as you will see