

Product	Price	
	Before Jan. 1, 1968	After Jan. 1, 1968
Crude phthalo blue.....	\$1.01	\$0.93
Tobias acid.....	.67	.65
Gamma acid.....	1.43	1.39
Dichloroaniline.....	.70	.68

It cannot definitely be said that these price reductions were solely the result of the tariff reductions; other economic factors may have played a part. But it is certain that the recent tariff reduction facilitated them and that future committed tariff reductions will, in time, permit corresponding reductions.

Cyanamid has studied the effect on its benzenoid sales of the 50-percent tariff reduction accompanied by a corresponding reduction in import prices. The benzenoids are an important part of Cyanamid's business. We estimate that, on this basis, we will lose about 8 percent of the affected benzenoid sales dollars and about 42 percent of net earnings from such sales. This estimate assumes that the quantity of material sold will continue at present levels to permit the continued benefit of present volume production. But one of the damaging effects of tariff reduction is that the domestic producer loses not only sales dollars but sales volume as well.

The economic effects precipitated by tariff reduction continue beyond direct losses in sales, earning in market volume and employment. As sales decrease, the revenue available for research programs also decreases, and the outlook for a technically based industry in which research is not appropriately continued is pessimistic. Although no one can assure results in the research area, the loss of future benzenoid chemicals research, in the light of its past contributions, must be considered a decisive loss.

In addition, decreased sales and earnings of benzenoid chemicals must result in higher prices for or absorption of greater costs by other products of Cyanamid. As has been noted several times, benzenoid chemicals cannot be completely isolated; they are, within Cyanamid, produced at facilities which also manufacture other products which are not chemically related to the benzenoid group. If the benzenoids fail to carry their share of fixed charges at such a plant, those charges must be allocated to the cost of sales of the remaining products.

Over and above monetary losses is the consideration of the importance of benzenoid chemicals to many industries. For example, without antioxidants, such as Cyanamid's 2246, the production of synthetic rubber cannot continue because the synthetic rubber products would soon deteriorate. The realities of business economics could lead Cyanamid to discontinue this product. In the national interest, the United States should not become dependent on imports of such vital chemicals in the manufacture of synthetic rubber products; and, this is equally true of a great number of the benzenoids.