

The only explanation we can see for the domestic witnesses' attitude is that they view an increase in imports as necessarily displacing U.S. production. In other words, they appear to view the market as static and inelastic. Their own fantastic growth record shows how fallacious is such a view. On the contrary, the result of expanded trade—if past experience in chemicals is any guide—can only be a bigger pie from which there will be bigger slices of business for all—particularly for the domestic chemical giants.

Not only will the domestic industry benefit from increased export opportunities but also as the purchasers of large quantities of benzenoid imports. Indeed, almost all imports of intermediates—which amount to more than one-third of total annual benzenoid imports—are purchased by domestic producers and used to manufacture U.S. finished chemicals. The elimination of ASP's nontariff barrier to those imports as well as the tariff reductions on these intermediates in the ASP package should make them more readily available at competitive prices.

On the other hand, the ASP package increases the average duty protection on dyestuffs, which are claimed to be the most sensitive area to import penetration. Thus, the domestic industry will receive increased protection where it claims it needs it most, if H.R. 17551 is enacted.

We of the organic chemicals group regret very much that instead of a calm dispassionate analysis, the ASP debate has produced so much acrimony. It seems apparent that a system so out of line with the principles of competitive free enterprise, of U.S. trade policy, and the GATT must sooner or later be changed by the U.S. Congress. Why not now? The opportunity may not recur for the United States to receive such recompense for doing something which it is bound to do ultimately. The free world needs U.S. leadership to dismantle nontariff barriers. We should provide that leadership.

Thank you.

The CHAIRMAN. We thank you.

STATEMENT OF WALTER W. HAINES

Mr. HAINES. Mr. Chairman and gentlemen, my name is Walter W. Haines. I am professor and chairman of the Department of Economics at University College of Arts and Science, New York University. At the request of the American Importers Association I have conducted an 8-month study of the effect of tariff reductions on the U.S. benzenoid industry. That study has resulted in a monograph of almost 400 pages, now being processed.

In 15 minutes I can do no more than touch briefly on a few points of that study, with particular reference to errors that have already been introduced in evidence before this committee by representatives of the domestic industry.

THE ORIGIN OF ASP

ASP was first introduced for coal-tar products, benzenoids, in the Tariff Act of 1922. A reading of the Congressional Record will show beyond doubt, that although the House wished to use ASP valuation