5.7 percent. Taking only competitive products, "those we do make," to use Mr. Barnard's words, the ASP package will lower average duties by 6.1 percent. This is a long way from the "more than 50 percent" claimed by Mr. Barnard. Not only that, but the same analysis shows that the ASP package will raise duties on dyes, the most sensitive of benzenoid areas, by 22.9 percent, and will raise duties on competitive dyes by 3.7 percent.

In exchange for this, the Common Market and United Kingdom will reduce their entire chemical tariffs by an average of 22 to 26 percent. This may not, indeed, be reciprocity, but if not, it is Europe that should be making the complaint. It is clear that they value the removal of the uncertainty and discrimination of ASP highly enough to accept a bargain that is numerically very much in our favor.

When SOCMA asked its members: "Is the 30-percent reduction in European chemical tariffs worth the abolition of ASP and the further duty reductions in excess of 50 percent which would be required under the 'separate package'?", they were asking a question that was totally erroneous in its assumption. Since the information on which the replies were based was false, any answers that it received must obviously be irrelevant.

COMPARATIVE COSTS

One reason the domestic industry seems to fear tariff cuts, even phantom ones such as here, is that they believe that they have an inherent cost disadvantage compared to European competitors. Robert Barnard speaks of "our inherent cost disadvantage"—page 46—Edwin Cowherd refers to "our relatively higher cost"—page 5—and the American Cyanamid Co. reports that "the unit cost of chemical production of leading foreign competitors is much lower than in the United States"—page 1. While each of these statements may be true with regard to specific isolated products, as generalizations they are patently and demonstrably false.

No one denies that the United States exports three times as much chemicals as it imports. We couldn't sell these products abroad unless we could undersell our competitors even after freight, insurance, and tariffs for these exports; therefore, we must have lower costs and these low-cost exports exceed imports by three to one. A larger part of our chemical industry, therefore, has costs below foreign firms that has costs above them. Even in dyes we export as much as we import.

When Mr. Turchan, for instance, says that "where costs of production abroad are lower than in the United States, it takes a greater cut in foreign tariffs * * * to generate an equivalent export increase," he is talking this same kind of absolute nonsense. If foreign production costs are lower than ours, no conceivable tariff reduction would help our exports. One, if we can undersell competitors, will we export anything at all. The fact that we do export, therefore, proves our ability to produce more cheaply in those particular lines.

No one doubts that wages are higher in the United States, but (*a*) so is productivity, and (*b*) labor costs are a small part of total costs. For the chemical industry payroll, costs are only 15.6 percent of shipments. That means that out of every dollar's worth of goods, 15.6