

cents is paid to labor, 84.4 cents goes to other costs. Even if Europe paid only one-third our wages, and all other costs were the same, they would have to pay 90 cents for a product that costs us \$1, and the 10-cent differential would be more than eaten up in freight and importer's expenses if they tried to ship such a product here.

The cry of the industry that they can't meet lower costs abroad is simply not true.

IMPORT PENETRATION

Nor are we being inundated by imports. It is true that imports are rising faster at the present time than exports. To a great extent this is due to the Vietnam war. By far the largest increase in imports of any benzenoid category in 1967, whether measured in absolute or relative terms, was tariff item 405.05, explosives, which rose a whopping 240 percent. Large increases in imports of adipic acid, phenol, phthalic anhydride, and styrene in the preceding year were a response to shortages in an industry whose output was rising as fast as possible, and total benzenoid imports in 1967 actually fell, thus reversing for this 1 year at least the current trend.

But even ignoring these special reasons, imports are still almost infinitesimal when compared with domestic output. For all benzenoids imports in 1966, the latest year for which figures are available, were 1.4 percent of domestic production, and only half of these were competitive with U.S. products. As a proportion of domestic output, our current level of imports is only one-eighth as high as it was during the latter half of the twenties and only one-third as high as it was during the great depression, when imports were extremely small throughout. From such a minuscule base, a 14-percent annual increase, even if continued indefinitely, would take half a century to make any significant impact on domestic production.

To take just one example: Over the past 6 years consumption of benzenoids—domestic sales plus imports—has risen at an annual rate of 6.67 percent. Assume that this rate continues into the future, and that imports rise, not at 14 percent, but at 30 percent. The result, over the next 10 years, would be to slow down the growth rate of the domestic industry from 6.53 to 5.38 percent. Under the most extreme assumptions possible, because the present level of imports is so microscopically low, no rationally conceivable increase in imports will reduce domestic production; it will merely slow down slightly from its present high rate of growth.

In my study, I have examined every branch of the benzenoid industry, with particular attention to dyes, where the problem seems to be most sensitive, and in which I have proceeded almost on a company-by-company basis, and I have been unable to document serious injury to the industry.

Imports are so small and projected increases so small relative to domestic output even though large percentagewise, that the benzenoid industry, with one of the highest profit rates in the Nation, aided by diversification, research, and ordinary business acumen, can easily meet this competition. There may indeed be one or two weak firms that may have difficulty, and for them the improved adjustment assistance provisions of this bill may be of real value.