What happens to us is typical of what will happen to the rest of the smaller companies.

This reference to the foreign cartels is not idle talk. We have detailed in our confidential exhibits the fact of the operation of the big three in Germany—the components of I. G. Farben pre-World War II—as a production and export cartel; the fact of the tie-in of the big three in Switzerland—Ciba, Giegy, and Sandoz—through corporate affiliation with the German cartel; and the fact of the production and export marketing cartel of the big three Japanese dye producers, and the tie-in of their group through a corporate affiliation with one of the members of the German cartel.

We have documented the post-World War II attempt of the Swiss cartel to monopolize trade in the dye trade in the United States, and the recent conviction of the German cartel by its government for monopolization of the German market.

I. G. Farben dominated the world dyestuff trade before World War II, and its activities and that of its forebears led directly to the enactment of ASP by Congress at the behest of President Woodrow Wilson to insure continuity and growth of an American dyestuff industry. I. G. Farben, formally, is gone. But the three chunks into which it was artificially divided by the postwar occupation authorities have the same talent for coöperation as their parent.

The Swiss are essentially dependent upon the Germans for basic intermediates, and for sufferance so that the Swiss can pursue the development and marketing of specialized dyes which do not conflict with German chemical industry economic interests.

These are the interests which successfully pressured their Governments into the determined onslaught against the American Selling Price. They once dominated the American market to the detriment of our national defense capabilities, and to the detriment of the American textile industry which was utterly dependent upon the marketing whim and caprice of the German chemical colossus.

You are now being asked to rewrite history, to condemn as bad that domestic policy which more than any other is directly responsible for the creation, growth, strength, and vitality of the American dyestuff industry. Before you call good, bad, and white, black, and jettison a proven method of neutralizing cartel power in the import trade in dyes as "outmoded" (as the Administration would have you do), study the contents of our confidential exhibit detailing the structure and operation of the foreign dyestuff cartels. Check your judgment with the Antitrust Division of the Department of Justice, which should be able to supply you with details of the history, old and new, of the anticompetitive activity of the European chemical cartel, especially in dyes.

The cartel question aside, before you take such drastic action as is involved in the destruction of the independent segment of the American dye industry, shouldn't you consider the basic question of whether the *existing* system permits a rapid and continued expansion of U.S. foreign trade in dyes?

VI. FOREIGN DYES AND PIGMENTS HAVE GREATER AND MORE FACILE ACCESS TO THE U.S. MARKET THAN IMPORTED PRODUCTS IN OTHER SECTORS OF MANUFACTURING, AS SHOWN BY MORE RAPID IMPORT INCREASES AND LESS RAPID EXPORT GAINS IN DYES AND PIGMENTS THAN ALL MANUFACTURING, NONDURABLE GOODS MANUFACTURING, AND CHEMICALS AND ALLIED PRODUCTS MANUFACTURING

Has the ASP duty system been so restrictive of U.S. imports that foreign producers have been unable to expand their sales in the American market? Have ASP rates been more import-retarding than so-called conventional duty valuation in other sectors of manufactured products?

The answer to both questions is an emphatic "no." Let's look at the facts. Using the average of the three years 1958–1960 as a base period, we find that the foreign industry has had by far the best of both worlds in dyes and pigments: imports of dyes and pigments have risen more rapidly than in other sectors of industry; and exports from the U.S. have lagged behind those in other industries because