

huge stake in exports of machinery and other end products incorporating steel. Every industry ought to raise its sights to the many dimensions of the Nation's stake in freer trade and take sober account of the damage that would result from new trade restrictions or from failure to maintain momentum toward freer world trade.

If Members of Congress have any concern over the ability of the chemical industry to adjust successfully to removal of ASP, the most constructive step they can take is (a) to vote for implementation of the concession the United States made on this trade barrier in the recent negotiations, and (b) to ask that the Department of Commerce follow closely the effects of this action on the chemical industry and cooperate with the industry on ways to facilitate the industry's adjustment if serious difficulties are encountered. I do not expect any serious difficulties.

After almost 50 years of special protection the time has come for the chemical industry to ask itself why benzenoid chemicals are so unique that the manufacturers should be favored over all other producing groups. The time has come for the industry to appreciate fully the imperatives of the national interest and the realities of its own capabilities and opportunities.

I am appending to this testimony, for inclusion in the published proceedings, two recent addresses I delivered on this subject before business audiences.

Thank you.

(The information referred to follows:)

A TRADE POLICY PREMISE FOR THE CHEMICAL INDUSTRY

(By Joseph M. Baird, Chairman, Baird Chemical Industries, Inc., New York, N.Y.)

Decisions, decisions! Decisions are not made in a vacuum. There has to be both short-range and long-range planning. Long-range planning particularly focuses management attention upon such vitally important questions as the future situation in the world marketplace; technology developments in the world; changes likely in our balance-of-payments; inflation at home and abroad, and many other factors.

Among the other factors are the freedom of foreign access to the American market and, on the other side of the coin, U.S. access to foreign markets. Market access should be assessed not only in terms of existing trade barriers but also in terms of the possible trade policy positions of the United States.

Possible trade policy positions may be divided into three categories, in ascending order of merit;

The first is additional import restrictions such as import quotas and other barriers to the flow of trade across our borders. Such additional barriers would most certainly invite retaliation by our trading partners, even while the Kennedy Round concessions are being implemented.

The second possibility is reduced trade barriers brought about by the Kennedy Round concessions, with such reductions not complicated or compromised by new trade restrictions.

The third and the most desirable possibility is the fulfillment of the Kennedy Round agreements—this to be followed by new negotiations with the economically advanced countries of the free world in order to arrive at complete free trade.

If new trade barriers are imposed or are threatened, the challenge to business ingenuity will be less than what reasonably could be expected in a climate of freer trade expectations. Anxiety about import competition would not be as great, and the limits to which business executives would have to extend themselves—in innovation, efficiency and sales promotion—would not be as extensive. Opportunities for export expansion would be correspondingly smaller, with simi-