

goes down to \$1.00. At this level producers are driven out of business. Their getting driven out of business means that, perhaps with government assistance, they use their capital elsewhere and their workers, perhaps with government help also, are retrained and find other employment—both of which are better than continuing to produce and sell at the unacceptance of perhaps unprofitable price of \$1.00. So the alternative uses of whatever goes to make the chemical in America are worth at least \$1.15 but when the tariff is eliminated, the consumers make a gain because they can buy the foreign product at \$1.00—when these same consumers used to pay \$1.15 for the chemical and the producers used to get \$1.15.

Now, the producers are getting \$1.15, or perhaps more, for something else, while the consumers are getting the chemical for \$1.00. There is a clear gain of that whole difference between the point where the producers are pushed into making another chemical or into some other activity and the price at which the chemical can be imported. This is where the real gain for American living standards is. This is the way reduced tariffs increase world trade. This is the way free trade promotes the effective use of the world's resources and technology and provides a link between nations based on enhanced well being. This is the way we are able to produce those products we are in a position to make cheaply in order to trade for raw materials we lack and for those goods we are not adept at producing cheaply. This way provides an increase in the flow of goods for American consumers. In this way, as our trade frees up, our industries are stimulated by increased opportunities. The results are bringing a dynamic new era of growth for the U.S. and, directly and indirectly, the chemical industry. This is the way the American economy and American living standards would profit further from the elimination of ASP and free trade.

As a trade policy premise for the chemical industry, elimination of ASP is long overdue. More than that, this contingency has now been overtaken by the need for a premise even more far-reaching—the expectation of free trade. It has become timely and practical.

Those chemical executives who, upon sober and well-researched assessment, feel they will not be able to cope successfully with the consequences of such a national policy and will need government help, should call on government, not to restrict import competition, but to help them adjust to that competition. Government, in turn, should keep itself well informed on the progress of all segments of the chemical industry and on any serious problems that may arise. If government help becomes necessary for individual companies and its workers, it should be through an adjustment assistance program. In this connection, the adjustment assistance criteria of the Trade Expansion Act should be made realistic and administratively practical. Such assistance should be related to the special problems of the particular producers and their employees. If the problem encountered is industry-wide, government help should take the form of a chemicals trade policy that emphasizes domestic remedies—not quotas or other barriers. Import control measures may be considered only in an emergency and then a very temporary adjunct of a domestic remedy. The special import controls the Government has provided for the chemical industry for nearly half a century have never been part of a clearly enunciated chemicals policy.

Our national trade policy should serve the total national interest. The total national interest must include a strong chemical industry. The trade policy premise of complete free trade which I urgently commend to the chemical industry is the one best calculated to give new strength and opportunities not only to the chemical industry but to the nation at large. We should recognize its inevitability and plan accordingly.

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TEXT OF SPEECH DELIVERED BY JOSEPH M. BAIRD, CHAIRMAN OF THE BOARD,  
BAIRD CHEMICAL INDUSTRIES, INC.

Forty-five years ago Congress gave the benzenoid chemical industry the most protection against import competition any American industry had ever received. It has rejected specific legislation of this type for any other industry fearful of rising imports. By legislating the ASP method of customs valuation for benzenoid imports, Congress in effect delegated an important degree of tariff setting to the benzenoid producers themselves. It left to them (any one of them) the basic role of determining the "American selling price" of a competing domestic product and, by the same token, left it to the domestic producers to decide when to announce for customs purposes that a competing U.S. product was on the