

**Teaching Notes  
Scissors and Shears Case  
Trade Expansion Act of 1962**

**1. What *exactly* is Mr. Deuschle asking Congress to do?**

a. Not pass HR 9900 because it would:

repeal the escape clause  
lower tariffs across the board

b. Retain and *strengthen* the escape clause. Be sure that they recognize his previous attempts to get protection as an explanation for why he thinks it needs more strength.

*[Probe to make sure that they see that on the 3rd page he clearly delineates what he wants. Be sure that they see that he is currently receiving some tariff protection]*

**2. What *reasons* does he give for this view?**

a. The scissor industry has already been damaged by imports

42 of 50 firms have gone out of business since the 1950-51 tariff cut (page 1)

Imports equal 95% of domestic production in the main category (page 1)

*(Be sure that they see that this means that about 1/2 of all the scissors purchased in the U.S. are imports)*

If the scissors and shears imported during 1961 had been domestically produced, this would have been 1000 jobs (Passage A)

b. People would become unemployed

Says that if firms closed down, 1000 workers would lose their jobs (page 2)

We would lose the skills and the capital invested in this industry (page 3. Passage B)

c. Scissors are an *essential* good for national security.

Passage C on 3rd page

**3. In general, do you think these are things we should think about in making trade policy? Are these issues with which trade policy should be concerned?**

**4. What does the case tell you about *why* the scissor industry has been unable to compete with imports?**

- a. American wages are higher than competitors, and scissors have high labor content.
- b. Passage D is really weird -- talk about it here. He seems to be trying to make some argument about labor content. We import more labor content than we export, so we are essentially importing labor, which would be exporting jobs. Ask them to think about what the passage means, and explore the issue of dealing with incoherent arguments.

**5. According to Mr. Deuschle, what would happen to the price of scissors in the U.S. if HR9900 passes and the tariffs are cut? Would that have an effect on others? Will that have an impact on our decisions?**

**6. What does the evidence about wages tell you about the validity of Mr. Deuschle's argument about employment? In particular, how do you reconcile Passage E with Passage A, or can they not be reconciled?**

- a. They are basically contradictory. If wages are rising in the areas where these firms produce, that would seem to indicate some excess demand for labor. If that is the case, it is hard to believe that these workers would all be unemployed. In any case, if they keep their jobs simply because of the tariff, aren't they really wards of the state?

**7. What do your answers to the above questions say about the relative strengths and weaknesses of the U.S. and foreign economies? That is, does anything in the case, (say Passage D) give you any understanding of the determinants of the pattern of trade?**

- a. U.S. imports goods that use a lot of labor.
- b. U.S. exports goods that use a lot of land.
- c. Labor is very expensive in the U.S.
- d. *Can they get toward H-O-S???*

**8. Does the evidence Mr. Deuschle presents justify giving the scissor industry continued protection and therefore keeping it alive?**

**9. What kinds of techniques or tools does he use to make his argument and convince his listeners? Not only analysis, but rhetorical techniques and styles?**

- a. Appeals to patriotism (national security)
- b. Emotional appeals (example of old man)

**10. What do you think of these kinds of argument styles? Are they useful? How? Be aware of this style in the course of evaluating the arguments.**

**11. If you really wanted to present a full assessment of Mr. Deuschle's case, what information would you want to have? Can we lead to a list of questions that this case raises? That is, are there general issues about the nature of economic relationships among countries that arise here?**

- a. What determines the pattern of trade between countries?
- b. Is freer trade or more protectionism a good thing?
- c. How do we weight competing wants and needs?