

successive stages of production. While it is advantageous to import raw materials from low-wage countries the advantage broadens as still more of the cheap labor is incorporated in the product. This is the case with respect to finished goods or finished manufactures, as our Census Bureau classifies these products.

The importation of raw materials and crude foodstuffs would under the same circumstances offer a lesser incentive, simply because they contain the least amount of low-wage labor.

IMPORT TRENDS

If we now examine the import trends of these classes of products from 1961-66, which is the latest 5-year period and coincides with the biggest upsurge in imports since World War II, we will discover a remarkable correlation with the expected trends as just set forth.

From 1961 to 1966 imports of crude foodstuffs increased from \$1.60 billion to \$2.12 billion, or 32.4%.

Crude material imports rose from \$2.87 billion to \$3.85 billion, or 34%.

Under our formula imports of semi-manufactures should have increased appreciably more because these products have had more low-cost labor applied to them. Imports increased from \$3.38 billion in 1961 to \$5.49 billion in 1966. This was an increase of 65.3%, or about twice as much as the increase in imports of raw materials and crude food products.

Our formula calls for the highest increase of all in the form of finished manufactures, since these goods incorporate the greatest amount of labor of all. Here we find imports rising from \$6.68 billion in 1961 to \$13.99 billion in 1966. This was an increase of 109.5%. This was over three times the increase registered in the importation of raw products, including foodstuffs, and nearly 70% higher than the rise in imports of semi-manufactures.

A small table will present the foregoing facts in handy form:

U.S. IMPORTS

[Dollar amounts in billions]

	1961	1966 ¹	Increase
Crude foodstuffs.....	\$1.60	\$2.12	32.4
Crude materials.....	2.87	3.85	33.9
Semimanufactures.....	3.38	5.49	65.3
Manufactured goods, including food.....	6.68	13.99	109.5

¹ 1966 imports are preliminary and unrevised and represent general imports.

These facts override whatever theories might be invoked to produce different results.

EXPORT TRENDS

If we turn to trends in exports we will find the same principle exemplified as in imports.

Exports of inedible raw materials, incorporating the least labor, expanded 67% from 1958-65, while exports of manufactured goods other than machinery rose only 45%.

Again carrying out the same principle, *imports* of inedible raw materials increased only 30%, compared with the *export* increase of 67%. There was less advantage in importing raw material because there was less saving. On the other hand, other countries bought more readily our raw materials precisely because these materials had the least amount of our high-cost labor expended on them.

In a different classification of exports and imports, published by the Department of Commerce, we find one grouping that is called "Other Manufactured Goods". This is exclusive of machinery and transport equipment.

Here we find further corroboration of what has already been said. These Other Manufactured Goods include such categories as Metals and Manufactures, Textiles Other Than Clothing and Textile Clothing, and a broad miscellany of other goods.

From 1958-65 exports of "Other Manufactured Goods" rose only 29.7%. Imports rose 125.1%.

The breakdown reveals some of the details. Exports of Metals and Manufactures rose only 31.9% compared with an import rise of 146.8%.

Textiles Other Than Clothing (meaning fabrics, cloth, etc.) had an export increase of 22.2% while imports rose 110.7%.