I wish to thank you for this opportunity to present my views.

The CHAIRMAN. You will make the analysis available to the committee, will you please, sir?

Mr. PURCELL. Yes, indeed, Mr. Chairman.

(The material referred to follows:)

A CRITIQUE OF THE TRADE RELATIONS COUNCIL'S ANALYSIS OF CERTAIN 1958/60–1964 DECLINES IN EMPLOYMENT

INTRODUCTION

On October 12, 1966 a statement was submitted to the General Subcommittee on Labor, House of Representatives reporting the results of a computerized study of the impact of imports on employment. The study involved was made under the auspices of the Trade Relations Council of the U.S. Table 15 of the submitted statement was the critical one, showing as it did a 208,700 decline in employment in 35 manufacturing industries between 1958/60 and 1964. The 35 industries involved are labor-intensive in character, and it was inferred that they are as a consequence particularly subject to declines in employment due to rising imports.

Since 9 of the 35 industries involved in the Trade Relations Council's study accounted for the bulk of the reported decline in employment (87%), an analysis was made of the causes of the decrease in jobs in these 9 industries. This analysis indicates that practically all of the declines were due to a rise in productivity between 1958/60 and 1964, and only a minor portion to a rise in net imports. Furthermore, the experience of these industries between 1964 and 1966 (the latest year for which the necessary data are available), was also analyzed. During those years, 6 of these industries showed an increase in employment. These increases were largely due to the fact that increases in total values added, principally because of sales increases, were more than sufficient to offset the effects of rising productivity.

THE ANALYSIS

A set of tables is attached. The tables contain the raw materials for the analysis.

Table 1 compares the employment losses reported in the Trade Relations Council's analysis which was based on preliminary data. This critique uses the final data released by the Census Bureau. The general pattern remains the same.

Table 2 compares the revised data on total job losses for the nine industries we have analyzed with the losses in production worker jobs. Since production workers account for such a large percentage of total workers in these industries, any conclusions reached about the loss in production worker jobs would apply as well to total employment decreases. This is important because our analysis of job loss due to productivity gains had to be done for production workers only. Data are not available to do the analysis for all employees.

Table 3 is the focal one of the critique. It shows the real decrease in production worker jobs due to a net rise in imports 1958/60–1964, and how much of the decrease was actually due to rising productivity. The job loss due to the rise in net imports was computed as follows:

(a) For each industry exports were subtracted from imports for 1958/60 and 1964. The result is net imports. The increase from 1958/60 to 1964 is the rise in net imports. (Data for this computation was drawn from Table 15 of the statement submitted to the House General Subcommittee on Labor.)

(b) The ratio of shipments to value added by manufacture in 1964 was computed. This ratio was applied to the rise in net imports to get the implied value added. (The rise in net imports in effect replaced a similar amount of domestic shipments. This has to be converted into the equivalent value added because the number of jobs involved is a function of the amount of value added involved.)

(c) Using hours worked per year by production workers in 1964, and production worker value added per man-hour in 1964, the value added equivalent of the rise in net imports was converted into the number of production worker jobs involved.

Table 4 carries the analysis from 1964 through 1966. Generally it shows a much brighter job picture in this more recent period. In 6 industries total value added rose by more than enough to offset the effects of rising productivity and the change in annual hours worked. These industries showed employment in-