

in those countries from their present miserable levels, employers may be quick to find areas of still lower wage rates to which to move.

This introduces tremendous instability not only for the workers in the underdeveloped countries being exploited but also for these countries, economically, in their development of social institutions, and politically. It also introduces instability into the economies of other countries, including the U.S., since they also are not able to determine whether, at a given time, jobs and resources will be available. It also forces upon other U.S. employers the competitive imperative to meet the prices of products from such low-wage areas, and for some employers this may impel them to join in seeking lower-wage areas instead of technological efficiencies, and so this race for lower and lower wage areas accelerates.

A key strategy of employers has been to tell workers in each country that if they ask for wage rates higher than those offered, they will make themselves non-competitive in international trade and so may lose jobs. The same employers and groups of employers may tell this to their workers in the U.S., Japan, Korea, Taiwan, or some other country.

An International Fair Labor Standards agreement would be a safeguard against the coupling of the export of American capital and the technique of the international runaway shop, by introducing the element of social responsibility in the conduct of the enterprise. Under such a program, goods would not be acceptable for international trade if made under unfair conditions.

In 1961, the International Metalworkers' Federation, with a membership of unions representing nearly 10 million workers, adopted a resolution which used the following tests of unfairness:

1. Total hourly wage costs in the exporting firm substantially below the average for its industry in the exporting country, or
2. Both hourly and unit labor costs in the exporting firm unjustifiably below the same industry in the complaining country.

The resolution provided for the right of complaint by employers or unions which could raise the question of unfairness in international forums and provide a basis for action.

We would like to see evidence of vigorous pursuit of this matter by the Office of the Special Representative for Trade Negotiations and by other U.S. government agencies. We have been informed by Mr. John B. Rehm of OSR, in a communication May 8, 1967, that "there has been a strong interest in this office concerning International Fair Labor Standards."

Of the capital outflow in 1966 of \$3.5 billion, about half of it—\$1.7 billion—was for manufacturing alone. And again, Canada and Europe got a total of \$1.4 billion, Latin America got \$130,000,000, Africa got only \$17,000,000 and Asia only \$15,000,000.

Companies important in the electrical industry, such as General Electric, Westinghouse, RCA, ITT, Sperry-Rand and others, have been expanding in all parts of the world at a rapid rate, producing many new problems for their employees here and abroad for our nation and for the nations where they carry on their activities.

Plant movement is no longer a problem confined within the United States borders. Plants of large corporations are located all over the world and in many instances, producing those items once produced within a U.S.-based plant.

In many instances U.S. exports represent intra-company transactions. Many exports are semi-finished products shipped for final processing in plants of foreign subsidiaries. And many of these finished products, as well as parts, from the foreign subsidiaries are returned as imports to the U.S. This may be in the best pecuniary interest of the companies involved in such operations, but is it in the best national interest of the U.S. to have these multi-national companies not only supplant some U.S. exports by selling abroad from their foreign plants but also add to U.S. imports?

In addition, these international operations of multinational companies, which may shift production and plants from nation to nation, not only give these companies a great power in the U.S. They also give them a great power over the economies and even the institutions of the host countries which may become dependent upon the U.S. company for jobs and income.

Further, there is no question that these exports of capital have been damaging to our balance of payments.

The IUE supports expanded trade, because we feel it is in the best national interest.