

gaining. While unemployment rates are at depressed levels and per capita income is below poverty levels on the U.S. side of the border, commuters have been exploited on occasion to undermine organizing drives and to break legitimate strikes. This reflects seriously on U.S. immigration policy. We strongly urge the Immigration Department to take the administrative steps necessary and possible to prevent exploitation of Mexican commuters to undermine U.S. standards.

The other issue is the effort of the Mexican government to encourage U.S. companies to establish branch plants across the border to take advantage of low Mexican wage levels. Such companies not only pay wages far below U.S. standards, but also benefit from favorable U.S. tariff and Mexican tax treatment. Under the program, all products must be exported, in large part back to the U.S.

We do not believe that any program based on low wage standards is defensible. It obviously damages the U.S. effort to improve its standard of living and employment along the border area, both of which are below national levels. It also harms the Mexican drive to improve its own wage levels. The only beneficiaries are profit-hungry companies which are seeking to improve their competitive position at the price of labor standards on both sides of the border.

The answer to the threat is to solicit and obtain the cooperation of the Mexican trade union movement and to press the Mexican government to raise its minimum wages closer to the U.S. level and to insist on effective Federal enforcement. We also urge consideration of both administrative and legislative changes in the section of the Tariff Law which encourages this program, as well as the imposition of a tax on the export of capital and the profits of firms enjoying benefits of the program.

The Subcommittee therefore recommends the following action:

The creation by the Mexican trade union movement of a counterpart Subcommittee, to meet with the AFL-CIO Executive Council Subcommittee on Border Problems.

The AFL-CIO Executive Council should call for a meeting at the highest level of the Executive Branch of our government, the U.S. State Department, and other U.S. government agencies involved, to coordinate solutions to these problems at the administrative level.

The State Department should negotiate a comprehensive trade agreement with Mexico to eliminate existing unfair competition with U.S. labor.

The Treasury Department should be required to enforce Section 303 of the Tariff Act of 1930 (a duty on subsidized exports to the U.S.), to obtain specific customs declarations and to re-examine U.S. tax provisions and their enforcement.

The Justice Department should administer the immigration law to restrain the green-card influx.

Congress should repeal Sec. 807 of the Tariff Code and otherwise should tighten existing laws regarding the operation of U.S. companies abroad.

Action by our government and the government of Mexico cannot be delayed while further studies are undertaken.

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STATEMENT OF EDWARD E. KENNEDY, RESEARCH DIRECTOR, INTERNATIONAL UNION OF DISTRICT 50, UNITED MINE WORKERS OF AMERICA

Mr. Chairman and Members of the Committee, my name is Edward E. Kennedy. I am Research Director of the International Union of District 50, United Mine Workers of America (Independent), and my appearance here is in behalf of some quarter of a million members represented by our organization in about 45 of the 50 states.

Our Union represents employees in some twenty-five industrial classifications of manufacturers—the products of which are affected by the currents of international trade which, in turn, affects the employment opportunities and employment security of our membership.

About one-half of our total membership is employed by manufacturers of chemical and allied products and a substantial number of these are employed by chemical companies engaged in whole or in part in the production of benzenoid chemicals.