

and filling out their lines with lower priced products obtained abroad. Many U.S. producers of consumer electronics are sharing in a growing market that was created by foreign producers, e.g., pocket-sized radios and small-screen TVs from Japan.

Because of standardization there is an international market for components. Here again the U.S. industry has large export earnings.

U.S. production has been rising, whether considered in terms of general electronics, consumer electronics or electronic components. Indeed, there have even been short supply situations. Congress itself acted to alleviate a tight supply situation in color TV tubes (P.L. 89-241).

It would be clearly shortsighted to approve an electronics quota bill. The strongest initial adverse impact would be felt by U.S. companies in the electronics industry itself. They have come to rely on certain imported components and finished products in their drive for specialization. In recognition of this fact, the major manufacturers of consumer electronics products generally oppose the electronics quota bill. The products of this industry play such a pervasive role that inflationary price effects would be felt very quickly throughout the U.S. economy. Because the U.S. electronics industry has a large export surplus, its own products would be obvious targets of retaliation.

These considerations demonstrate that S. 2539 would be adverse to the interests of the U.S. electronics industry and patently adverse to the U.S. national interests.

Footwear

The position of the American footwear producers who support H.R. 13602 or H.R. 13613 and similar bills with respect to imports ignores two very important factors. First, the imports of Japanese footwear about which the National Shoe Manufacturers Association is complaining are almost all footwear with vinyl uppers. According to the Department of Commerce, approximately half of all imports consist of such products, and they had an average f.o.b. value in 1967 of 60 cents. Such products are for women and misses, and such shoes in the first three months of 1968 also had an average f.o.b. value of 60 cents.

Now, 60 cents f.o.b. means that these shoes are selling at retail somewhere around \$1.75, perhaps from \$1.39 to \$1.99. From American production, there is no serviceable footwear available at all in this price range. This means two important things: that these products are not displacing American sales on anything like a one-to-one basis because the people who buy them would often not be buying a more expensive shoe; and that imports are rendering a great service in making footwear available for poor people at a price that they can afford.

The second factor which should be noted is that there is today, and has been for several years, a shortage of labor in the American footwear industry. The trade press has been full of stories about the difficulties in obtaining labor. The shoe industry itself has often recognized the problem. *The jobs said to have been lost in the shoe industry are theoretical jobs which there are no workers to fill.* For this reason, there is a great impetus to shoe production in Puerto Rico and stress upon training shoe workers there. From the standpoint of the American economy, imports have been serving the valuable traditional function of meeting the needs of the market and making it possible for American labor to concentrate on the more sophisticated, higher paid, efficient lines of production.

These facts and many others—such as the role of the large vertically integrated American footwear firms in bringing imports in—will no doubt be described in the report to be made as a result of the Tariff Commission's current investigation of footwear.

Hardwood plywood

The limitation by quota of the important of plywood would not serve any desirable public purpose. Imported plywood is virtually all hardwood species, used for decorative rather than structural functions. Japan supplies a major portion of these imports and is especially known for several exotic, indigenous, decorative plywoods such as sen. It is no accident that imported hardwood plywood has come to supply more than 50 percent of total consumption in the United States, for, as indicated by projections prepared by the Forest Service and other agencies of the Government, the supply of domestic veneer quality hardwoods has been inadequate to meet the demand and will become even less capable of doing so as the present rates of increase in demand for these products are projected into the future. Consequently, to restrict by quota the importation of