dustries that are generating this problem today, the problem that they are creating and there can be voluntary action on their part to restrict their exports to this country.

Mr. STITT. With respect to the automobile problem, liberalization of Japanese automotive imports, that is a matter currently, as you know, under active negotiation between the Governments of the United States and Japan and I understand some progress is being made in that area.

The restriction on automotive is a hangover from the days when Japan had a large number of foreign exchange controls for a balance of reasons.

These are gradually being dismantled and it is indeed the hope of our council that perhaps some speedup can be made in that process.

When it comes to the problem of footwear, sir, to the best of our knowledge, despite the fact perhaps that some small family-owned footwear concerns have gone out of business for competitive reasons, and I suggest perhaps some of the competition is from the larger footwear manufacturers in this country as well as from imports, this as an economist, I would have to say, is a natural change.

Mr. BURKE. I know there are a lot of these footwear people who are playing a dual role. I know that they have located their factories in Italy and Spain and invested their money in Japan and other countries. I know that, that they are creating a problem.

I am concerned about the American worker. That is what I am concerned about, and if they are going to glut the market as they are doing in the first quarter of this year and they continue to spiral these imports, it is going to destroy the industry.

One of the cities that I represent, the city of Brockton, a large employer in the footwear industry. It is just going to destroy this industry. I have been in office for 10 years and I think that seven shoe firms have gone out of my area since I came into office. We have to do something. Somebody has to come up with some answers, and I think your organization is in a good position to relate to the Japanese industries what is happening over here.

As I pointed out the other day, we saw the flight of the textile mills from New England. We saw other industries go out and we have areas up there where they have these tremendous mills completely empty, no one working, just ghost mills.

We don't want that to happen again.

Mr. STITT. Mr. Chairman, my understanding is that during this same time or perhaps shortly thereafter some of the newer industries, such as electronics, have moved into New England.

Mr. BURKE. That is right.

Mr. STITT. And as a result the workers in New England are making higher wages today then they were making in the footwear factories or in the textile markets.

Mr. BURKE. Of course Japan has an absolute embargo, as I understand it, on electronics, so they don't hire the same type of people. We are looking to put people to work in the ghetto areas of this country. The shoe industry, for instance, is an ideal place to take people and train them for jobs where they can work and earn a living and support their families.

Some of these people can't go into the electronic industries. They are highly technical and it is not possible to offer them enough jobs in these industries.