I. *Import Restrictions Is Not Justified by the Economic Facts.*

The Tariff Commission Report documents the remarkable progress made by the textile and apparel industries and the revolutionary changes which have taken place in these industries, especially over the last five years.

The principal conclusion of the Tariff Commission was that:

"* * * the domestic producers, have, by most broad measures, enjoyed a period of unparalleled growth since the early 1960's."

The Commission continued:

"Along with increased output, there was also a marked expansion in sales, employment, and new investment in plant and equipment during this period. Similarly, overall corporate profits (whether measured as a ratio of profits to sales, or on the basis of the rate of return on stockholders' equity) increased.

"From 1961 to 1966, for example, the value of shipments rose from $29.1 billion to $39.6 billion, or 36 percent. For the producers of textile mill products, profits as a percentage of net sales rose by 48 percent. The corresponding increase for the producers of apparel and related products was 52 percent. The corresponding gain for all manufacturing corporations over the same period was 21 percent."

With regard to imports, the Commission stated:

"By quantity, about two-thirds of the actual increase in imports from 1961 to 1966 was composed of products (such as yarns and fabrics) for which further processing was required in the United States. Most of the remainder consisted of apparel products. Although the volume of imports in each of these broad categories was substantially larger in 1966 than in 1961, the actual increase in the volume of domestic production was of substantially greater magnitude over the same period."

Concerning employment, Commissioner Clubb summarized the finding of the Commission as follows:

"Employment has been relatively stable in the face of continuing automation; take home pay, hourly pay, and overtime have all increased in recent years. Indeed there is some evidence that in certain worker categories labor shortages exist."

Even in those particular areas where domestic production has declined, the Commission concluded:

"For the most part, the failure of output for such products to expand appears attributable chiefly to changes either in fashion or style, to technology, or both. In relatively few instances do imports appear to have been a major factor."

We commend the entire Commission Report to the Committee. For the convenience of the Committee, we have reprinted the principal conclusions of the Commission, pages 4–14 of the Report, and we ask that this be inserted into the record at the conclusion of our testimony.

The textile industry emerged from World War II with vastly expanded capacity. This was further exaggerated by the destruction of overseas textile and apparel industries and by the explosion of pent-up consumer demand in the immediate post-war period. Requirements for the Korean War perpetuated the abnormal expansion of the industry. Following the Korean War, however, there ensued a period of basic adjustment in the industry. This was aggravated by the sluggish performance of the domestic economy throughout the middle and late 1950's.

This period saw the first phase of the domestic textile revolution, a phase which might be termed the structural revolution. It was characterized by the liquidation of smaller, inefficient, and obsolete units of production, a period of extensive merger and acquisition and the flight from New England to the South to escape the labor unions and higher land, power and other costs. It witnessed the shift of the textile industry from small family managed enterprises engaged in single product lines and marketing through a cumbersome chain of converters, wholesalers and other intermediaries to large, vertically integrated units, professionally managed, well-financed, with diversified product lines and an emphasis on marketing.

During the 1960's and up to the present time the industry has experienced the second phase of the revolution involving significant changes in marketing and management techniques, greater investment of capital, research and development of new products, more efficient production methods, and greater promotional and marketing activities. These qualitative changes, following the structural changes which commenced in the 1950's, have resulted in a strong, dynamic and progressive industry with excellent prospects for the future and well able to compete with import competition.