

tition or rephrasing of such general arguments here. Retaliation is not a nice concept and threats of retaliation, it seems to us, should be made with great restraint. It would, in our view, however, be "pollyannish" to expect that the imposition of quotas by the United States on the textile trade would not be met by retaliation. Such action on the part of our trading partners would not flow from any feeling of revenge or vindictiveness. They would find it necessary to compensate for the loss of this trade in order to maintain viable economies themselves.

V. Import Quotas would Contribute to Inflationary Pressures and Penalize the Consumer by Higher Prices and Restricted Choice in Style, Fashion and Variety.

This point has also been made extensively by Administration officials, including Betty Furness, Special Assistant to the President for Consumer Affairs. The Tariff Commission in its report found (with some Commissioners not taking a definite position) that import restriction would act as a tax on the low income consumer buying the cheaper lines of import goods.

The element of style, fashion and variety introduced into the market by textile and apparel imports also would be severely affected by quotas reducing not only consumer choice but a needed stimulant to domestic sales. This is probably the most significant role of imports and would be the most serious casualty of import quotas.

We believe that imports in the past have injected price discipline into the marketplace and restrained the increase in wholesale and retail prices for textile and apparel goods. Nonetheless, the index is creeping up, particularly in the apparel sector. The most recent Consumer Price Index for apparel and upkeep shows a jump of five points from March 1967 to March 1968 compared to an increase for non-durable commodities of four points in the same period. The Wholesale Price Index for textile products and apparel combined increased by 2.8 points for the same months, while non-durable goods increased by 1.7 points. Apparel alone had an even greater increase of 3.1 points. With restricted imports, the Index would climb unhindered by any factors outside the industry itself.

For these reasons, we urge the Committee to reject the quota proposals now before it.

We would be pleased to answer any questions which the Committee might have.

TABLE 1.—INDEX OF INDUSTRIAL PRODUCTION

[1957-59=100]

	Textile mill products	Apparel products
Annual:		
1961.....	107.1	112.1
1962.....	115.3	118.9
1963.....	116.9	125.6
1964.....	122.9	134.1
1965.....	134.9	145.1
1966.....	142.5	150.1
1967.....	142.2	147.7
Monthly (seasonally adjusted):		
1967—January.....	140.7	150.2
February.....	138.9	147.1
March.....	138.8	143.6
April.....	137.8	142.5
May.....	137.8	142.6
June.....	136.6	142.4
July.....	136.8	144.2
August.....	138.7	146.4
September.....	141.3	146.8
October.....	144.9	146.2
November.....	147.4	148.6
December.....	151.6	150.9
1968—January.....	147.6	145.2
February.....	148.8	146.4
March.....	149.9	148.1
April.....	147.5	-----

Source: Federal Reserve Board.