

All other years it has been in favor of the United States, the trade balance.

Mr. BATTIN. Hasn't Japan recently made some investments in Korea to manufacture textiles and ultimately ship them into the United States?

Mr. MASAOKA. I don't know, sir.

Mr. BATTIN. I think you will find that they have because if the figures we got this morning are correct, the costs of production, of labor that is, it is much cheaper in Korea than it is in Japan. Actually Japan has to be a high cost producer as far as Asia is concerned and they are looking out for their own interests by investing capital in a country where they can produce cheaply and still remain competitive.

Our Government has slapped a freeze on the exports of capital. Our businessmen can't find themselves in the same position. You answer this and I will close with this. Do you know whether the Japanese Government has any restriction relating to the investment in Japan of American industry?

Mr. MASAOKA. In terms of textiles?

Mr. BATTIN. Or anything else.

Mr. MASAOKA. I believe she does have some restrictions, but I think again Japan is trying to liberalize these as fast as she can. I think, sir, as we tried to explain—perhaps we didn't do it as adequately as we should have—in sum we think that it is in the American national interest not to impose import quotas across the board. On a selective basis on certain items there may be justification on a temporary basis, but overall the textile industry is not an infant industry.

As far back as 1812 they were petitioning the U.S. Government for import protection and the question comes up—just as you say, Japan is facing a problem of lower cost production elsewhere, and the question comes up sometimes why do we in America also try to keep our workers.

Isn't it better, even if it is difficult, to try to upgrade them and get them into higher paying jobs with better conditions of work. If this can be done we understand, for example, in South Carolina that the textile industry is having a difficult time finding workers in competition with electronics and other things.

We think this is to the good. This is happening in Japan. This is happening elsewhere. So we think that if an item or if a particular industry or company or so on is uneconomic and uncompetitive, whether it is in Japan or here or anywhere else, in the long run it might be better if we allowed them to close down and allowed the others to move on. This is I think the purpose of the adjustment assistance provisions.

Mr. BATTIN. This would be pretty hard for me to understand in view of past legislation where we recognized the textile industry as being part of our national security.

Mr. MASAOKA. I didn't understand that.

Mr. BATTIN. I say it would be pretty hard for me to just write off the textile industry in the United States since it has been a finding of the Congress that as a matter of fact the textile industry is a vital part of our national security, the same as steel.

Mr. MASAOKA. Mr. Congressman, with all due respect I would say that the textile industry is not near that kind of collapse. As a matter