Although the administration of the LTA has not always been as strict as had been provided in the Arrangement itself, the instrument has been an effective means of providing orderly access to the markets of importing countries. The manufacturers in countries which export substantial amounts of apparel are able to know the approximate size of their market each year, being fairly sure that almost all they ship within the limits of the Arrangement will be bought in the importing country. This gives stability to markets in underdeveloped countries which would not be possible otherwise.

In the last few years the effectiveness of the LTA has become increasingly limited because the trend in fabrics is away from cotton and toward man-made fibers. All synthetic or cotton-synthetic blend fabrics have gained such popularity around the world that an arrangement regulating the international trade of cotton products only cannot have the importance it did just a very few years ago. The popularity of synthetics has come about in large part because the permanent press feature of apparel products is usually achieved by the use of man-made fibers in the fabric.

In 1962 the United States imported 49 million square yards equivalent (SYE) of man-made fiber apparel. It is estimated that we will import 400 million SYE of man-made fiber apparel this year. This is an increase of 716% in only seven years. There is no doubt in the minds of American apparel producers that these imports are hurting our domestic markets. Had there been an international arrangement, such as the LTA, governing the trade of man-made fiber apparel and textiles, it is very unlikely that we would be facing such tremendous foreign competition today. A major factor in rising apparel and textile imports today is the lack of regulation of all these products except those made of cotton.

Let us look at some other reasons for the rise in imports. American retailers find that the cost of foreign-made apparel is generally much lower for comparable goods than the cost of American-made apparel. Mark-up on lower priced imports is usually higher than the mark-up on low priced American apparel. This fact also leads retailers to buy imports rather than domestically produced apparel.

At one time the quality of foreign garments was not up to the standards adhered to by American apparel producers. This is no longer true in large measure. Imported apparel is of very good quality and compares favorably with American apparel. The improved quality has brought greater acceptability to foreign goods, thus adding to the rise in imports.

Although economists have tried to discount the "cheap labor" theory relating to economic harm from imports, there is a strong argument in favor of this theory for the apparel industry. Apparel is made of two principal ingredients: fabric and labor. The machine is tertiary. Only recently has any machinery been developed which can take a little manual labor out of certain tasks relating to apparel production. The sewing machine operator is still the most important element. The equipment given sewing machines operators in most countries in the world today is every bit as good, and in some cases better and newer, as the equipment used in American apparel plants. The quality of foreign-made fabric has improved a great deal in the last decade, and it too measures up favorably with the quality of U.S. produced goods. But the price of the fabric and the wages of the labor which go into making apparel in most other countries of the world are substantially less than in the United States, and this is the major basis for their competition. The productivity of foreign labor is not so low relative to its wages that the labor cost of the garment equals that of an equivalent American-made garment.

To illustrate my point about foreign apparel workers receiving substantially lower wages, let me cite a few examples. In 1966 the average hourly wage of an apparel production worker in Japan was 35¢, in Hong Kong 20¢, in Taiwan 13¢, and in Korea 8¢. (See Chart 4.) In most Asian countries benefit payments are a very high percentage of wages, being, in effect, payment "in kind" to the workers. If we assume benefits to equal these wage payments, which is realistic for Hong Kong, for example, we can see that payment still falls far below that given American apparel workers. The possibly lower productivity of Asian apparel workers is not reflected in their substantially lower wages. They are paid less than Americans for an equal amount of output.

I think it would be valuable at this point to take a very brief look at the place of the American apparel industry in our economy and then to see which areas of the industry are being hurt most by imports. Apparel manufacturing in the