Against this general background, in order to put before you the relative labor costs, it is not necessary to analyze the trend of wages in other countries exporting to our market knitted outerwear competitive with our own. It should suffice to place in the record the statement issued by a mill in South Korea producing competitive knited outerwear for the United States market. It is a statement designed to attract business from retailers to whom it is primarily addressed. It can leave no doubt as to the nature of the foreign competition with which the United States knitted outerwear industry has been waging a losing battle. While submitting the entire five-page statement for the record (see Appendix J), I should like to stress by quoting these significant passages intended for the store buyer in the United States:

"For some time, manufacturers in the U.S.A. have been discovering exotic new places in Southeast Asia and Asia as new sources of supplying the American market with hand-detailed sweaters to be retailed at reasonable prices due to the East's unlimited sources of cheap labor. It has taken three Americans from widely diverse backgrounds, and three Koreans in the hotel business in South Korea, along with the cooperation of the South Korean government, to come up with the means for the American retailers that takes all the gambling out of importing * * *.

"The sweaters are designed in the U.S.A. for American women, produced in South Korea in Westar's own mill under strict quality controls, shipped to Westar's own warehouses in Boston, Mass. and Nashua, N.H., and permits Westar, Ltd. to offer quality conformity of production at prices far below imports from Japan, Hong Kong, Okinawa or Taiwan * * *.

"The results have been electrifying. * * * on August 25th, a shipment of 80,000 hand-loomed, hand-crocheted fall sweaters for women arrived at the Boston warehouse. By September 6th, every single sweater had been bought up by the first few chains and department stores to see the merchandise. The new spring line of fine gauge knits, novelty knits, and bulky knit sweaters opened last week. One chain confirmed an initial order of 2,700 dozen. It is now certain that 10,000 dozen will be sold by October 15th, and by November 30th, over 30,000 dozen will be confirmed for delivery from January through February 1st. It is expected that the capacity of 50,000 dozen sweaters will be fulfilled before Thanksgiving.

"According to Dr. Tyler (one of the company principals), a new plant is already being built in Seoul consisting of 50,000 square feet and will be ready early in 1967. It will increase employment by 825 people, which will include 200 additional hand-crochet knitters. The present mill has more than 150 hand kniting frames, and employs 450 South Koreans. Planned output will be increased to a minimum of 2,000 dozen sweaters per week in full-fashioned styles * * *. The labor costs range from three to seven cents per hour to 21 cents, Dr. Tyler said, but living costs are scaled proportionately, and South Korea does not have the galloping inflation problems of other countries. The United States and South Korean governments are fostering investment in Korea * * * the American Embassy was especially helpful * * * in initiating so large a venture."

The foregoing statement is particularly noteworth because rarely are importers so candid in declaring the basis of their competitive advantage. We agree with this statement's conclusion, and we are satisfied to rely on the testimony of our adversaries in asserting that the outcome of this economic struggle will depend on the advantage in labor costs. While this South Korean knitted outerwear plant is boasting to its prospective United States customers of wages from 5¢ to 7¢ to a high of 21¢ per hour, it should be noted that the average wage in the knitted outerwear industry of the United States in the most recent month for which data has been made available by the Bureau of Labor Statistics, March 1968, was $2.26 per hour (see Appendix F).

In the face of such extreme differences of conditions, we submit that is irrelevant and worse to discourse on the philosophical merits of the principles of free trade. For Mr. William M. Roth, the President's Special Trade Negotiator, to multiply speeches against the dangers of protectionism contributes nothing to a solution of the problem but a false notion of the true alternatives. He has referred to quotas as if they were necessarily destrictive of all present imports of textiles and apparel when nothing of the sort would be involved in a system of reasonable limitations. He has created the impression that any such system of limitations would be destructive of the progress of trade liberalization under GATT.