

FOREIGN TRADE AND TARIFF PROPOSALS

68061842 f

HEARINGS
BEFORE THE
COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES
NINETIETH CONGRESS
SECOND SESSION
ON
TARIFF AND TRADE PROPOSALS

JUNE 4, 5, 10, 11, 12, 13, 14, 17, 18, 19, 21, 24, 25, 26, 27, 28;
JULY 1 AND 2, 1968

PART 6

Contains June 19, 1968

Printed for the use of the Committee on Ways and Means



0453392

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1968

95-159 O

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402 - Price \$1.50

COMMITTEE ON WAYS AND MEANS

WILBUR D. MILLS, Arkansas, *Chairman*

CECIL R. KING, California	JOHN W. BYRNES, Wisconsin
HALE BOGGS, Louisiana	THOMAS B. CURTIS, Missouri
FRANK M. KARSTEN, Missouri	JAMES B. UTT, California
A. S. HERLONG, Jr., Florida	JACKSON E. BETTS, Ohio
JOHN C. WATTS, Kentucky	HERMAN T. SCHNEEBELI, Pennsylvania
AL ULLMAN, Oregon	HAROLD R. COLLIER, Illinois
JAMES A. BURKE, Massachusetts	JOEL T. BROYHILL, Virginia
MARTHA W. GRIFFITHS, Michigan	JAMES F. BATTIN, Montana
GEORGE M. RHODES, Pennsylvania	BARBER B. CONABLE, Jr., New York
DAN ROSTENKOWSKI, Illinois	GEORGE BUSH, Texas
PHIL M. LANDRUM, Georgia	
CHARLES A. VANIK, Ohio	WILLIAM H. QUÉALY,
RICHARD H. FULTON, Tennessee	<i>Minority Counsel</i>
JACOB H. GILBERT, New York	

JOHN M. MARTIN, Jr., *Chief Counsel*
J. P. BAKER, *Assistant Chief Counsel*

(II)

CONTENTS

Part 1		
1968:	Tuesday, June 4.....	Page 1
Part 2		
	Wednesday, June 5.....	439
	Monday, June 10.....	649
Part 3		
	Tuesday, June 11.....	741
	Wednesday, June 12.....	877
	Thursday, June 13.....	1081
Part 4		
	Friday, June 14.....	1313
	Monday, June 17.....	1475
Part 5		
	Tuesday, June 18.....	1829
Part 6		
	Wednesday, June 19.....	2349
Part 7		
	Friday, June 21.....	2749
	Monday, June 24.....	3173
Part 8		
	Tuesday, June 25.....	3479
Part 9		
	Wednesday, June 26.....	3865
	Thursday, June 27.....	4201
Part 10		
	Friday, June 28.....	4483
	Monday, July 1.....	4669
	Tuesday, July 2.....	4909
Part 11		
	Summaries.....	5601

IV

SUBJECT HEADINGS

	<i>Date</i>
Aircraft.....	June 21.
Aluminum.....	June 24.
Athletic goods.....	June 21.
Barber and beauty shop equipment.....	June 21.
Bicycle parts and accessories.....	June 24.
Ceramic tile, glass, pottery, etc.....	June 25.
Chemicals.....	June 28 & July 1.
Coal.....	July 1.
Dairy products.....	July 2.
Distilling industry.....	June 21.
Electronics and cameras.....	June 25.
Fish.....	June 24.
Fruits and vegetables.....	July 2.
Fur.....	June 26.
General.....	June 11, 12, 13, 14, 17.
Government witnesses.....	June 4, 5, 10.
Honey.....	June 24.
Industrial rubber products.....	June 26.
Iron and steel.....	June 18.
Lead and zinc.....	June 18.
Leather goods.....	June 26.
Machine tools.....	June 21.
Meat.....	June 24.
Miscellaneous.....	July 2.
Oil and gas.....	June 27.
Optics.....	June 21.
Paper and publishing.....	June 27.
Pins, fasteners, etc.....	June 21.
Plastics, buttons, etc.....	June 21.
Rubber footwear.....	June 25.
Stainless steel.....	June 21.
Textiles.....	June 19.
Umbrellas.....	June 21.
Watches.....	June 25.
Window shades.....	June 25.
Wood and wood products.....	June 27.

Press release dated Thursday, May 9, 1968, announcing public hearings on tariff and trade proposals.....	Page 2
Proposed "Trade Expansion Act of 1968," committee print.....	5
Message of the President.....	8
Draft bill (H.R. 17551, introduced by Chairman Mills on May 28, 1968, at the request of the administration).....	13
Section-by-section analysis.....	19

WRITTEN COMMUNICATION SUBMITTED BY GOVERNMENT OFFICIAL

Fowler, Hon. Henry H., Secretary of the Treasury, letter dated June 6, 1968, to Chairman Mills.....	666
---	-----

ORAL STATEMENTS BY GOVERNMENT OFFICIALS

Agriculture, Department of:	
Freeman, Hon. Orville L., Secretary.....	649, 654
Ioanes, Raymond A., Administrator, Foreign Agriculture Service..	439, 649
Labor, Department of:	
Wirtz, Hon. W. Willard, Secretary.....	28, 37
Blackman, Herbert N., Administrator, Bureau of International Labor Affairs.....	439

Commerce, Department of:	Page
Smith, Hon. Cyrus R., Secretary-----	28
Garland, Allen H., Director, Trade and Commercial Policy Division--	439
McQuade, Hon. Lawrence C., Assistant Secretary-----	28, 439
Consumer Affairs, Special Assistant to the President for, Miss Betty Furness-----	649, 662
Interior, Department of, Hon. Stewart L. Udall, Secretary-----	28, 33
State, Department of:	
Rusk, Hon. Dean, Secretary-----	649
Solomon, Hon. Anthony M., Assistant Secretary for Economic Affairs, Bureau of Inter-American Affairs-----	649
Trade Negotiations, Office of Special Representative for:	
Roth, Ambassador William M., special representative for trade negotiations-----	28, 42, 439, 446, 649
Gates, Theodore R., assistant special representative-----	439
Malmgren, Harald B., assistant special representative-----	28, 439
Rehm, John B., general counsel-----	28, 439
Treasury, Department of:	
Petty, Hon. John, Deputy Assistant Secretary, Office of International Affairs-----	439
Smith, Fred B., general counsel-----	28

STATEMENTS OF PUBLIC WITNESSES

Abbitt, Hon. W. M., a Representative in Congress from the State of Virginia-----	4819
Abel, I. W., president, United Steelworkers of America-----	1845, 1895
Abernethy, Hon. Thomas G., a Representative in Congress from the State of Mississippi-----	3173
Ackert, James D., Domestic Producers Association of New England-----	3386
Ad Hoc Committee of Galvanized Electrical Transmission Tower Fabri- cators:	
Gannaway, Charles B., chairman-----	2211
Searls, David T., counsel-----	2211
Adair, Hon. E. Ross, a Representative in Congress from the State of Indiana-----	894
Adams, Charles F., chairman of the board, Raytheon Co-----	3640
Adams, John Quincy, chairman, coordinating committee, Food Industries of New York, Inc-----	3297
Adams, Dr. Walter, professor of economics, and director of program on industrial structures in the Atlantic community, Michigan State Uni- versity-----	1430
Aerospace Industries Association of America, Karl G. Harr, Jr., president--	1391
AFL-CIO:	
Biemiller, Andrew J., director, department of legislation-----	1091
Goldfinger, Nathaniel, director, department of research-----	1091
Alcan Aluminum Corp., Eric A. Trigg, president-----	3370
Aluminum Association, John M. Mitchell-----	3345
American Aniline Products, Inc.:	
Marshall, James J., president, and in behalf of Ad Hoc Committee of U.S. Dyestuff Products-----	4724
Stewart, Eugene L., counsel-----	4724
American Apparel Manufacturers Association, Lawrence S. Phillips-----	2538
American Association of Oilwell Drilling Contractors, Robert A. Busch- man, president-----	4314
American Association of Port Authorities, Roger H. Gilman, first vice president-----	861
American Association of University Women, Dr. Lois Torrence-----	869
American Association of Woolen Importers, Inc.:	
Bissinger, Fred, president-----	2553
Daniels, Michael P., counsel-----	2553
Smith, David-----	2553
American Beekeeping Federation, Glenn Gibson, executive secretary-----	3453
American Cyanamid Co., John M. Fasoli, director of public relations-----	4651

	Page
American Farm Bureau Federation:	
Harris, Herbert E., II, legislative counsel.....	1215
Lynn, John C., legislative director.....	1215
American Fur Merchants Associations, Inc., Eugene Dreisin, president....	4039
American Importers Association:	
O'Brien, Gerald, executive vice president.....	829
Floor covering group:	
Herzstein, Robert E., counsel.....	2599
Imported footwear group:	
Hemmendinger, Noel, counsel.....	4109, 4155
Lipkowitz, Edward, chairman.....	4155, 4174
Non-rubber-footwear group:	
Donohue, Joseph F, and Noel Hemmendinger, counsel, imported footwear group.....	4109
Organic chemicals group:	
Graubard, Seymour, counsel.....	4673
Haines, Walter W.....	4673, 4706
Hochschwender, Karl.....	4673, 4704
Stobaugh, Robert B., Jr.....	4673, 4675
Textile and apparel group:	
Daniels, Michael P., counsel.....	2415, 2417
Hohenberg, Bernard L., chairman.....	2415
American Iron & Steel Institute, Thomas F. Patton.....	1845
American Institute for Imported Steel, Inc., Kurt Orban, president.....	2088
American Loudspeaker Manufacturers Association, Eugene L. Stewart, counsel.....	3518
American National Cattlemen's Association:	
Carrothers, R. B.....	3196
House, Bill, president.....	3196
American Petroleum Refiners Association, Walter Famariss, Jr., president..	4308
American Producers of Italian-Type Cheeses Association, and Stella cheese division, Universal Foods Corp., Stephen F. Owen, Jr., counsel.....	4866
American Retail Federation:	
Savona, Vincent.....	1404, 1409
Selonick, Edward H.....	1404
American Soybean Association:	
Lodwick, Seeley G., vice president.....	950
Rancolph, Chet, executive vice president.....	950
American Textile Manufacturers Institute:	
Dent, Frederick B., president.....	2360
Jackson, Robert C., executive vice president.....	2360
American Watch Association, Bertram Lowe, chairman, customs com- mittee.....	3705
Anti-Friction-Bearing Manufacturers Association, Bernard J. Shallow, chairman.....	2974
Ashbrook, Hon. John M., a Representative in Congress from the State of Ohio.....	4829
Ashley, James M., chairman of the board, Trade Relations Council of the United States, Inc.....	1109
Ashton, Prof. David J., director, International Center of New England..	1572, 1573
Association on Japanese Textile Imports, Inc., Mike M. Masaoka, Washing- ton representative.....	2490
Athletic Goods Manufacturers Association, William P. Holmes.....	3071
Atlanta Artificial Kidney Center, John H. Sadler, M.D., director..	1324, 1333
Baird Chemical Industries, Joseph M. Baird, chairman of the board....	4764
Balگوoyen, H. W., New York Chamber of Commerce.....	1271
Barbaree, George, international secretary-treasurer, and Robert Lord, vice president, International Brotherhood of Operative Potters..	3756, 3801
Barnard, Robert C., counsel, Synthetic Organic Chemical Manufacturers Association, and Dry Colors Manufacturers Association.....	4483, 4512
Bates, Hon. William H., a Representative in Congress from the State of Massachusetts.....	3378, 3865
Beard, Charles H., chairman of the board, National Committee on Inter- national Trade Documentation.....	1015
Beckman, Luke F., president, Minster Canning Co.....	5036
Beckmann, R. J., Domestic Wood Louvered Products Industry.....	4437

VII

Belcher, Hon. Page, a Representative in Congress from the State of Oklahoma	Page
Belgian-American Chamber of Commerce in the United States, Inc., Robert M. Gottschalk, counsel	3178
Bender, Mark G., Ph. D., assistant professor of economics, Holy Cross College, Worcester, Mass.	1597
Bendix International, W. Michael Blumenthal, president	1659
Berry, Hon. E. Y., a Representative in Congress from the State of South Dakota	1238
Bevill, Hon. Tom, a Representative in Congress from the State of Alabama	1085, 3996
Bicycle Manufacturers Association, William M. Hannon, chairman, Washington affairs committee	1839
Biemiller, Andrew J., director, department of legislation, AFL-CIO	4902
Bissinger, Fred, president, American Association of Woolen Importers, Inc.	1091
Blackburn, Hon. Benjamin B., a Representative in Congress from the State of Georgia	2553
Blackie, William, chairman, Caterpillar Tractor Co.	1324
Blumenthal, W. Michael, president, Bendix International	1348
B'nai B'rith, Herman Edelsberg, director, International Council	1238
Boeing Aircraft, T. A. Wilson, president	1026
Boland, Hon. Edward P., a Representative in Congress from the State of Massachusetts	1343, 1347
Bonomo, Ralph, Italy-American Chamber of Commerce	895
Boot & Shoemakers Union, John E. Mara, president, and George O. Fecteau, general president, United Shoeworkers of America, AFL-CIO	1619, 1622
Bradford District, Pennsylvania Oil Producers Association, Pennsylvania Grade Crude Oil Association, and New York State Oil Producers Association, J. Paul Jones	4102
Bradley, Mrs. David G., foreign policy chairman, League of Women Voters of the United States	4212, 4251
British-American Chamber of Commerce of New York, Earl W. Kintner	982
Broun, E. Fontaine, president, Manmade Fiber Producers Association	1579
Broyhill, Hon. James T., a Representative in Congress from the State of North Carolina	2464
Buchanan, Hon. John, a Representative in Congress from the State of Alabama	1475
Burch, Robert, Rocky Mountain Oil & Gas Association	1319
Burleson, Hon. Omar, a Representative in Congress from the State of Texas	4346
Burrows, Fred W., executive vice president, International Apple Association	4205
Burton, Hon. Laurence J., a Representative in Congress from the State of Utah	5007
Buschman, Robert A., president, American Association of Oilwell Drilling Contractors	1478
Business Builders International, Inc., J. Theodore Wolfson, president	4314
Cal-Compac Foods, Gentry Corp., Santa Maria Chili, Inc., and Universal Foods Corp., W. Ed Crane, in behalf of	857
California Council for International Trade, Gerald B. Levine, director and member, U.S. trade policy committee	5001
California Independent Producers & Royalty Owners Association, Joseph C. Shell, executive director	1280
California Olive Growers & Cannery Industry Committee, G. K. Patterson	4212, 4270
California Strawberry Advisory Board, Northwest Cannery & Freezers Association, and Oregon Strawberry Council, Robert E. Ward	4991
Camero, Sergio, administrator, Puerto Rico Economic Development Administration	3743
Campbell, William C., secretary, industrial rubber products division, Rubber Manufacturers Association	4348
Carmody, Edward T., vice chairman and director, Timex, the U.S. Time Corp.	4190
Carrothers, R. B., American National Cattlemen's Association	3720
Cast Iron Soil Pipe Institute	3196
Hunt, Frederick D., foreign trade consultant	2234
Perry, J. Wiley, Jr., chairman, import study committee	2234
Caterpillar Tractor Co.	
Blackie, William, chairman	1343, 1348
Eckley, Robert S., assistant to the president	1035

VIII

	Page
Cement Industry Antidumping Committee, John C. Mundt, vice chairman.....	1369
Cerf, Jay H., manager, international group, Chamber of Commerce of the United States.....	1710
Chamber of Commerce of the United States, Jay H. Cerf, manager, international group.....	1710
Cheese Importers Association of America, Martin A. Fromer, counsel.....	4873
Chester, Howard P., executive secretary, Stone, Glass, and Clay Coordinating Committee.....	3756
Chesterton, A. Devereaux, director, International Center of New England.....	1572, 1576
Christopher, William F., chairman, tariff committee, Society of the Plastics Industry, Inc.....	3098
Clay, Henry J., Netherlands Chamber of Commerce in the United States, Inc.....	1589
Cleveland Greenhouse Growers Cooperative Association, Jerry Nowinski, chairman.....	5027
Clothespin & Veneer Products Association, and Slide Fastener Association, Richard A. Tilden.....	2752
Coerper, Milo G., German-American Chamber of Commerce.....	1594
Colmer, Hon. William M., a Representative in Congress from the State of Mississippi.....	4819
Committee for a National Trade Policy, Carl J. Gilbert, chairman.....	741
Committee for Economic Development, Howard C. Petersen, vice chairman, international economic studies, research, and policy committee.....	1225
Committee of Producers of Ferroalloys & Related Products, Ronald L. Cunningham.....	2170
Conneaut Port Authority, Mayor Edward J. Griswold, of Conneaut, Ohio.....	1424
Control Data Corp., Hugh P. Donaghue, assistant to the president.....	1416
Cooper, Mitchell J., counsel, footwear division, Rubber Manufacturers Association.....	4148
Cooperating Oil & Gas Association, Clinton Engstrand, vice chairman, liaison committee, & president and chairman, Kansas Independent Oil & Gas Association.....	4212, 4238
Cornett, Hollan, executive board member, United Stone & Allied Products Workers of America.....	3756, 3792
Council, Buford W., chairman, tomato committee, Florida Fruit & Vegetable Association.....	4951, 4964
Cowherd, Edwin R., vice president, dyestuff and chemical division, GAF Corp.....	4640
Cox, J. Abney, past president and chairman, competition and marketing agreements committee, Florida Fruit & Vegetable Association.....	4951
Crane, W. Ed, in behalf of Cal-Compack Foods, Gentry Corp., Santa Maria Chili, Inc., and Universal Foods Corp.....	5001
Culbertson, J. Steele, director, National Fish Meal & Oil Association.....	3429
Cunningham, Ronald L., Committee of Producers of Ferroalloys & Related Products.....	2170
Daniels, Michael P.: American Association of Woolen Importers, Inc., counsel.....	2553
American Importers Association, textile and apparel group, counsel.....	2415, 2417
Danish-American Trade Council, Inc.: Hessel, B. H.....	1626
Wedell, Gustav, chairman, business practices committee.....	1626
Darman, Morton H., chairman of the board, National Association of Wool Manufacturers and in behalf of National Wool Growers Association.....	2376
Davidson, Paul H., president, International Importers, Inc., H. William Tanaka, attorney, in behalf of.....	3634
Davies, Richard, consultant, Synthetic Organic Chemical Manufacturers Association.....	4483, 4590
Davis, Roy B., president, National Cotton Council of America.....	2562
Dawson, David H., vice president, E. I. DuPont de Nemours & Co.....	4596
DeBlois, Robert, New England Fuel Institute.....	4302
Dellenback, Hon. John, a Representative in Congress from the State of Oregon.....	4006
Denney, Hon. Robert V., a Representative in Congress from the State of Nebraska.....	3191, 4007, 4843

	Page
Dent, Frederick B., president, American Textile Manufacturers Institute...	2360
Dent, Hon. John, a Representative in Congress from the State of Pennsylvania.....	3873
Derwinski, Hon. Edward J., a Representative in Congress from the State of Illinois.....	1836
De Santis, Arthur A., executive secretary, Italy-American Chamber of Commerce.....	1619
Dirlam, Dr. Joel B., professor of economics, University of Rhode Island...	1430
Dlouhy, John, executive vice president, Emil J. Paidar Co.....	3136
Donaghue, Hugh P., assistant to the president, Control Data Corp.....	1416
Donehower, William L., Jr., Rolled Zinc Manufacturers Association.....	2306
Donohue, Hon. Harold D., a Representative in Congress from the State of Massachusetts.....	1083
Donohue, Joseph F., Nonrubber Footwear Group, and Noel Hemmendinger, Imported Footwear Group, American Importers Association.....	4109
Domestic bicycle tire and tube industry, C. J. Warrell.....	3450
Domestic Producers Association of New England, James D. Ackert.....	3386
Domestic Wood Louvered Products Industry:	
Beckmann, R. J.....	4437
Golden, David A., counsel.....	4437
Dorn, Hon. William Jennings Bryan, a Representative in Congress from the State of South Carolina.....	2407
Douglas, Donald W., Jr., vice president, McDonnell Douglas Corp.....	2783
Dreisin, Eugene, president, American Fur Merchants Association, Inc.....	4039
Dry Colors Manufacturers Association, Robert C. Barnard, counsel.....	4483
DuPont, E. I., de Nemours & Co., David H. Dawson, vice president.....	4596
Dymsha, Dr. William A., research director, International Business Institute, Graduate School of Business Administration, Rutgers University.....	1637
Eastern Meat Packers Association, Inc., and Meat Trade Institute of New York, George Kern.....	3287
Eberlein, John G., chairman, drawback committee, National Customs Brokers & Forwarders Association of America, Inc.....	1021
Eckhardt, Hon. Bob, a Representative in Congress from the State of Texas.....	1480
Eckley, Robert S., assistant to the president, Caterpillar Tractor Co.....	1035
Edelsberg, Herman, director, International Council, B'nai B'rith.....	1026
Electronic Industries Association:	
Consumer products division:	
Fezell, George H., vice president.....	3479
Hoffman, Charles N., chairman.....	3479
International trade matters division:	
McCauley, Alfred R., special counsel.....	3479
Parts and distributor products divisions:	
Stewart, Eugene L., counsel.....	3518
EMBA Mink Breeders Association, Richard Westwood, president.....	4012
Emergency Committee for American Trade:	
Blackie, William, chairman, Caterpillar Tractor Co.....	1343, 1348
Purcell, Robert, finance committee chairman, International Basic Economic Corp.....	1343, 1350
Watson, Arthur K., chairman.....	1343
Wilson, T. A., president, Boeing Aircraft.....	1343, 1347
Engstrand, Clinton, vice chairman, liaison committee, Cooperating Oil & Gas Association, and president and chairman, Kansas Independent Oil & Gas Association.....	4212, 4238
Epstein, Lawrence D., vice president, Perry Products, Co.....	2243
Eshleman, Hon. Edwin D., a Representative in Congress from the State of Pennsylvania.....	2751
Everett, Hon. Robert A., a Representative in Congress from the State of Tennessee.....	3196
Fairchild Camera & Instrument Corp., Richard Hodgson, vice chairman, board of directors.....	3644
Fallon, Hon. George H., a Representative in Congress from the State of Maryland.....	1832
Famariss, Walter, Jr., president, American Petroleum Refiners Association.....	4308
Fasoli, John M., director of public relations, American Cyanamid Co.....	4651

Pecteau, George O., general president, United Shoeworkers of America, AFL-CIO, and John E. Mara, president, Boot & Shoemakers Union...	Page 4102
Fezell, George H., vice president, Consumer Products Division, Electronic Industries Association.....	3479
Finkel, Leonard E., president, Umbrella Frame Association of America....	3140
Fisher, Hon. O. C., a Representative in Congress from the State of Texas..	877
Flavor Pict Cooperative, Louis F. Rauth.....	5023
Fletcher, Aubrey, executive vice president, C. Tennant Sons & Co.....	2311
Florida Citrus Mutual, Robert W. Rutledge, executive vice president....	4981
Florida Fruit & Vegetable Association:	
Council, Buford W., chairman, tomato committee.....	4951, 4964
Cox, J. Abney, past president and chairman, competition and marketing agreements committee.....	4951
Peters, John S., manager, membership and industry relations division..	4951, 4966
Food Industries of New York, Inc., John Quincy Adams, chairman, coordinating committee.....	3297
Fox, Stark, executive vice president, Independent Oil & Gas Producers of California.....	4212, 4266
French, Charles W., vice president, Pfister Chemical, Inc.....	4648
Fromer, Martin A., counsel, Cheese Importers Association of America....	4873
Fuller, Robert P., chairman, government affairs committee, National Shoeboard Conference, Inc.....	4124
GAF Corp., Edwin R. Cowherd, vice president, dyestuff and chemical division.....	4640
Galifanakis, Hon. Nick, a Representative in Congress from the State of North Carolina.....	4008
Gallagher, Daniel R., director, Green Olive Trade Association.....	4991
Galvanized Electrical Transmission Tower Fabricators, ad hoc Committee of (See Ad Hoc Committee, etc.)	
Gannaway, Charles B., chairman, ad hoc Committee of Galvanized Electrical Transmission Tower Fabricators.....	2211
Geier, Philip O., Jr., National Machine Tool Builders' Association.....	2845
Geller, Norman, director, Independent Wire Drawers Association.....	2194, 2196
Gentry Corp., Cal-Compac Foods, Santa Maria Chili, Inc., and Universal Foods Corp., E. Ed Crane, in behalf of.....	5001
German American Chamber of Commerce, Milo G. Coerper.....	1594
Gerstacker, Carl, chairman of the board, Manufacturing Chemists Association.....	4483, 4484
Gibson, Glenn, executive secretary, American Beekeeping Federation.....	3453
Gilbert, Carl J., chairman, Committee for a National Trade Policy.....	741
Gilbert, Robert A., vice president, Investors League, Inc.....	1031
Gillis, John, vice president, and member, board of directors, Monsanto Co..	4618
Gilman, Roger H., first vice president, American Association of Port Authorities.....	861
Glass, Irving R., executive vice president, Tanners' Council of America, Inc.....	4064, 4082
Golden, David A.:	
Domestic Wood Louvered Products Industry, counsel.....	4437
United States Potters Association, customs and tariff counsel.....	3803
Goldfinger, Nathaniel, director, Department of Research, AFL-CIO....	1091
Goldstein, Alan, chairman, national affairs committee, National Footwear Manufacturers Association.....	4064
Golson, Charles E., International Engineering & Construction Industries Council.....	805
Gottschalk, Robert M., counsel, Belgian-American Chamber of Commerce in the United States, Inc.....	1597
Graham, Harry L., legislative representative, National Grange.....	756
Graubard, Seymour, counsel, organic chemicals group, American Importers Association.....	4673
Greater Detroit Board of Commerce, Frederick C. Nash, world affairs committee.....	1260
Greater Minneapolis Chamber of Commerce, J. Patrick Kittler, chairman, world trade committee.....	1290
Green Olive Trade Association, Daniel R. Gallagher, director.....	4991
Griswold, Mayor Edward J., city of Conneaut, Ohio, behalf of Conneaut Port Authority.....	1424

XI

Guenther, Dr. Harry P., dean, School of Business Administration, Georgetown University.....	Page 1662
Hagan, Hon. G. Elliott, a Representative in Congress from the State of Georgia.....	3179
Haines, Walter W., organic chemicals group, American Importers Association.....	4673, 4706
Hall, Hon. Durward G., a Representative in Congress from the State of Missouri.....	1081
Hamilton, Hon. Lee H., a Representative in Congress from the State of Indiana.....	4006
Hannon, William M., chairman, Washington affairs committee, Bicycle Manufacturers Association.....	4902
Hansen, Hon. Clifford P., a U.S. Senator from the State of Wyoming.....	3192
Hardboard Manufacturers, James R. Sharp, attorney.....	4447
Harr, Karl G., Jr., president, Aerospace Industries Association of America.....	1391
Harris, Herbert E., II, legislative counsel, American Farm Bureau Federation.....	1215
Harrison, Hon. William H., a Representative in Congress from the State of Wyoming.....	4933
Harsha, Hon. William H., a Representative in Congress from the State of Ohio.....	1838, 4831
Hartke, Hon. Vance, a U.S. Senator from the State of Indiana.....	1931
Harvey, Hon. James, a Representative in Congress from the State of Michigan.....	4833
Hemingway, Stuart C., Jr., Stainless Steel Flatware Manufacturing Association.....	3091
Hemmendinger, Noel, counsel:	
Imported footwear group, American Importers Association.....	4109, 4155
Imported footwear group, and Joseph F. Donohue, nonrubber footwear group, American Importers Association.....	4109
Henderson, Hon. David N., a Representative in Congress from the State of North Carolina.....	3384
Henderson, David W., executive secretary, National Board of Fur Farm Organizations.....	4012, 4019
Herkner, George W., executive vice president, Warner & Swasey Co.	2845, 2971
Herzstein, Robert E., counsel, floor covering group, American Import Association, and Wilton and Velvet Carpet & Rug Importers.....	2599
Hessel, B. H., Danish-American Trade Council, Inc.....	1637
Hicks, W. B., Jr., executive secretary, Liberty Lobby.....	1256
Hillman, Jimmie S., head, Department of Agricultural Economics, University of Arizona.....	1039
Hobbs, Claude E., chairman, foreign trade committee, National Electrical Manufacturers Association.....	3507
Hochschwender, Karl, organic chemicals group, American Importers Association.....	4673, 4704
Hodgson, Richard, vice chairman, board of directors, Fairchild Camera & Instrument Corp.....	3644
Hoffman, Charles N., chairman, Consumer Products Division, Electronic Industries Association.....	3479
Hohenberg, Bernard L., chairman, textile and apparel group, American Importers Association.....	2415
Holmes, William P., Athletic Goods Manufacturers Association.....	3071
Horne, Dr. M. K., Jr., chief economist, National Cotton Council of America.....	2562
Horton, Hon. Frank, a Representative in Congress from the State of New York.....	4835
House, Bill, president, American National Cattlemen's Association.....	3196
Hull, Rear Adm. Harry, executive director, International Center of New England.....	1572
Hunt, Frederick D., foreign trade consultant, Cast Iron Soil Pipe Institute.....	2234
Imported Hardwood Products Association, Myron Solter, counsel.....	4428
Independent Oil & Gas Producers of California, Stark Fox, executive vice president.....	4212, 4266
Independent Petroleum Association of America, Harold M. McClure, Jr., president.....	4212, 4266, 4293

Independent Wire Drawers Association:	Page
Geller, Norman, director.....	2194, 2196
Muntwyler, F. C., president.....	2194
Intemann, Herman K., vice president, Union Carbide Corp.....	4322
International Apple Association, Fred W. Burrows, executive vice president.....	5007
International Basic Economic Corp., Robert Purcell, finance committee chairman.....	1343, 1350
International Brotherhood of Operative Potters, George Barbaree, international secretary-treasurer, and Robert Lord, vice president.....	3756, 3801
International Center of New England:	
Ashton, Prof. David J., director.....	1572, 1573
Chesterton, A. Devereaux, director.....	1572, 1576
Hull, Rear Adm. Harry, executive director.....	1572
International Engineering & Construction Industries Council, Charles E. Golson.....	805
International Importers, Inc., H. William Tanaka, attorney in behalf of Paul H. Davidson, president.....	3634
International Leather Goods, Plastics & Novelty Workers Union, AFL-CIO, Norman Zukowsky, international president.....	4130
International Longshoremen's & Warehousemen's Union, Albert Lannon, Jr., Washington representative.....	864
International Trade Development Board:	
Parker, Joseph O., chairman.....	960
Pringle, Vic.....	960
Investors League, Inc., Robert A. Gilbert, vice president.....	1031
Italy-American Chamber of Commerce:	
Bonomo, Ralph.....	1619, 1622
De Santis, Arthur A., executive secretary.....	1619
Jackson, Robert C., executive vice president, American Textile Manufacturers Institute.....	2360
Javits, Hon. Jacob K., a U.S. Senator from the State of New York.....	3986
Johnson, Lindsay, F., Lead-Zinc Producers Committee.....	2279
Johnson, Reuben L., director, legislative services, National Farmers Union.....	786
Jones, J. Paul, Pennsylvania Grade Crude Oil Association, Bradford district, Pennsylvania Oil Producers Association, and New York State Oil Producers Association.....	4212, 4251
Kansas Independent Oil & Gas Association, Clinton Engstrand, president and chairman, and vice chairman, liaison committee, Cooperating Oil & Gas Association.....	4212, 4238
Kaplan, Richard, counsel, Division of Imports, Rubber Manufacturers Association.....	4190
Kastenmeier, Hon. Robert W., a Representative in Congress from the State of Wisconsin.....	4001
Keith, Hon. Hastings, a Representative in Congress from the State of Massachusetts.....	3385
Kentucky, Commonwealth of, Hon. Louie B. Nunn, Governor, statement read into the record by Hon. M. Gene Snyder, a Representative in Congress from the State of Kentucky.....	4930
Kern, George, Meat Trade Institute of New York, and Eastern Meat Packers Association, Inc.....	3287
Kindleberger, Charles P., professor of economics, Massachusetts Institute of Technology.....	1652
Kintner, Earl W., British-American Chamber of Commerce of New York.....	1579
Kittler, J. Patrick, chairman, world trade committee, Greater Minneapolis Chamber of Commerce.....	1290
Kleppe, Hon. Thomas S., a Representative in Congress from the State of North Dakota.....	3195, 4009
Kohnstamm, H., & Co., Inc., Yale Meltzer, manager, commercial development and market research, patents, and trademarks.....	4628
Korzenik, Sidney S., executive director and counsel, National Knitted Outerwear Association.....	2577
Kyros, Hon. Peter N., a Representative in Congress from the State of Maine.....	3995
Laird, Hon. Melvin R., a Representative in Congress from the State of Wisconsin.....	886
Lakeway Chemicals, Inc., Normand Phaneuf, president.....	4642

XIII

	Page
Langdon, Jim C., chairman, Railroad Commission of Texas.....	4285
Langen, Hon. Odin, a Representative in Congress from the State of Minnesota.....	4943
Lannon, Albert, Jr., Washington representative, International Longshoremen's & Warehousemen's Union.....	864
Latta, Hon. Delbert L., a Representative in Congress from the State of Ohio.....	3999
Lead-Zinc Producers Committee, Lindsay F. Johnson.....	2279
League of Women Voters of the United States, Mrs. David G. Bradley, foreign policy chairman.....	982
LeBlond, R. K., Machine Tool Co., Daniel W. LeBlond, president....	2845, 2969
Levine, Gerald B., director and member, U.S. trade policy committee, California Council for International Trade.....	1280
Liberty Lobby, W. B. Hicks, Jr., executive secretary.....	1256
Lipkowitz, Edward, chairman, imported footwear group, American Importers Association.....	4155, 4174
Lloyd, Hon. Sherman P., a Representative in Congress from the State of Utah.....	902
Lobred, Leonard K., director, International Trade Division, National Canners Association.....	1009
Lodwick, Seeley G., vice president, American Soybean Association.....	950
Long, Hon. Clarence D., a Representative in Congress from the State of Maryland.....	4927
Long, Hon. Speedy O., a Representative in Congress from the State of Louisiana.....	3189
Lord, Robert, vice president, and George Barbaree, international secretary-treasurer, International Brotherhood of Operative Potters.....	3756, 3801
Lovre, Harold O., in behalf of domestic mink ranchers.....	4012
Lowe, Bertram, chairman, customs committee, American Watch Association.....	3705
Lundquist, James H., counsel, Meat Importers' Council, Inc.....	3212
Lynn, John C., legislative director, American Farm Bureau Federation....	1215
McCauley, Alfred R., special counsel, Division on International Trade Matters, Electronic Industries Association.....	3479
McClure, Harold M., Jr., president, Independent Petroleum Association of America.....	4212, 4266, 4293
McClure, Hon. James A., a Representative in Congress from the State of Idaho.....	1339
McDonnell Douglas Corp., Donald W. Douglas, Jr., vice president.....	2783
McEwen, Hon. Robert C., a Representative in Congress from the State of New York.....	3991
McVay, M.D., chairman, Government Relations Committee, National Soybean Processors Association.....	1234
Mack, James K., counsel, National Confectioners Association of the United States.....	3470
Magdanz, Don F., executive secretary, National Livestock Feeders Association.....	3266
Mahon, Hon. George H., a Representative in Congress from the State of Texas.....	4279
Manmade Fiber Producers Association, E. Fontaine Broun, president....	2464
Manufacturing Chemists Association, Carl Gerstacker, chairman of the board.....	4483, 4484
Mara, John E., president, Boot & Shoemakers Union, and George O. Fecteau, general president, United Shoeworkers of America, AFL-CIO.....	4102
Marsh, Edwin E., executive secretary, National Wool Growers Association.....	3288
Marsh, Hon. John O., Jr., a Representative in Congress from the State of Virginia.....	881, 959
Marshall, James J., president, American Aniline Products, Inc., and in behalf of ad hoc committee of U.S. Dyestuff Producers.....	4724
Martin, Hon. Dave, a Representative in Congress from the State of Nebraska.....	3180, 4834
Masaoka, Mike M., Washington representative, Association on Japanese Textile Imports, Inc.....	2490
Massachusetts Committee for the Preservation of the Groundfish Industry, Howard W. Nickerson, chairman-coordinator.....	3420

XIV

Matsunaga, Hon. Spark M., a Representative in Congress from the State of Hawaii.....	Page 2352, 3183,	4290
May, Otto B., Inc., Ernest M. May.....		4616
Meat Importers' Council, Inc., James H. Lundquist, counsel.....		3212
Meat Trade Institute of New York, and Eastern Meat Packers Association, Inc., George Kern.....		3287
Meltzer, Yale, manager, commercial development and market research, patents and trademarks, H. Kohnstamm & Co., Inc.....		4628
Meyer, A., Jr., president, Tanners' Council of America, Inc.....	4064,	4079
Miller, Henry E., National Retail Merchants Association.....		802
Minshall, Hon. William E., a Representative in Congress from the State of Ohio.....		1834
Minster Canning Co., Luke F. Beckman, president.....		5036
Mitchell, John M., Aluminum Association.....		3345
Monagan, Hon. John S., a Representative in Congress from the State of Connecticut.....		891
Monsanto Co., John Gillis, vice president, and member board of directors.....		4618
Montgomery, Hon. G. V. (Sonny), a Representative in Congress from the State of Mississippi.....		4844
Moody, Joseph E., president, National Coal Policy Conference, Inc.....		4810
Morris, Hon. Thomas G., a Representative in Congress from the State of New Mexico.....		899
Moss, Hon. Frank E., a Representative in Congress from the State of Utah.....		4000
Mundt, John C., vice chairman, Cement Industry Antidumping Committee.....		1369
Muntwyler, F. C., president, Independent Wire Drawers Association.....		2194
Muskie, Hon. Edmund S., a U.S. Senator from the State of Maine.....		3868
Nash, Frederick C., world affairs committee, Greater Detroit Board of Commerce.....		1260
Nation-Wide Committee on Import-Export Policy, O. R. Strackbein, chairman.....		905
National Association of Wool Manufacturers, Morton H. Darman, chairman of the board.....		2376
National Board of Fur Farm Organizations, David W. Henderson, executive secretary.....	4012,	4019
National Canners Association, Leonard K. Lobred, director, international trade division.....		1009
National Coal Policy Conference, Inc., Joseph E. Moody, president.....		4810
National Committee on International Trade Documentation, Charles H. Beard, chairman of the board.....		1015
National Confectioners Association of the United States:		
Mack, James K., counsel.....		3470
Sifers, Burr, chairman, board of directors.....		3470
National Cotton Council of America:		
Davis, Roy B., president.....		2562
Horne, Dr. M. K., Jr., chief economist.....		2562
Sayre, Dr. Charles R.....		2562
National Customs Brokers & Forwarders Association of America, Inc., John G. Eberlein, chairman, Drawback Committee.....		1021
National Electrical Manufacturers Association, Claude E. Hobbs, chairman, Foreign Trade Committee.....		3507
National Farmers Union, Reuben L. Johnson, director, legislative services.....		786
National Fish Meal & Oil Association, J. Steele Culbertson, director.....		3429
National Footwear Manufacturers Association:		
Goldstein, Alan, chairman, National Affairs Committee.....		4064
Shannon, Thomas F., counsel.....		4064
National Foreign Trade Council, Inc., Robert M. Norris, president.....		1495
National Grange:		
Graham, Harry L., legislative representative.....		756
Newsom, Herschel D., master.....		756
National Knitted Outerwear Association, Sidney S. Korzenik, executive director and counsel.....		2577
National Livestock Feeders Association, Don F. Magdanz, executive secretary.....		3266
National Machine Tool Builders Association, Philip O. Geier, Jr.....		2845
National Milk Producers Federation, Otie M. Reed.....		4845

	Page
National Retail Merchants Association, Henry E. Miller.....	802
National Shoeboard Conference, Inc., Robert P. Fuller, chairman, Gov- ernment Affairs Committee.....	4124
National Soybean Processors Association, M. D. McVay, chairman, Gov- ernment Relations Committee.....	1234
National Wool Growers Association:	
Darman, Morton H.....	2376
Marsh, Edwin E., executive secretary.....	3288
Nelsen, Hon. Ancher, a Representative in Congress from the State of Minnesota.....	4003, 4823
Netherlands Chamber of Commerce in the United States, Inc., Henry J. Clay.....	1589
Neu, Hugo, chairman, Scrap Industry Trade Policy Council.....	2202
New England Fuel Institute, Robert DeBlois.....	4302
New York Chamber of Commerce, H. W. Balgooyen.....	1271
New York State Oil Producers Association, Bradford district, Pennsylv- ania Oil Producers Association, and Pennsylvania Grade Crude Oil Association, J. Paul Jones.....	4212, 4251
Newsom, Herschel D., master, National Grange.....	756
Nickerson, Howard W., chairman-coordinator, Massachusetts Committee for the Preservation of the Groundfish Industry.....	3420
Norris, Robert M., president, National Foreign Trade Council, Inc.....	1495
Northern Textile Association, Fulton Rindge, Jr., chairman.....	2379
Northwest Cannery & Freezers Association, Oregon Strawberry Council, and California Strawberry Advisory Board, Robert E. Ward.....	3743
Northwest Independent Steel Mills, Robert L. Phelps, in behalf of.....	2118
Nowinski, Jerry, chairman, Cleveland Greenhouse Growers Cooperative Association.....	5027
Nunn, Hon. Louie B., Governor of the Commonwealth of Kentucky, state- ment read into the record by Hon. M. Gene Snyder, a Representative in Congress from the State of Kentucky.....	4930
O'Brien, Gerald, executive vice president, American Importers Association.....	829
O'Hara, Clifford, director, port commerce, Port of New York Authority...	873
Orban, Kurt, president, American Institute for Imported Steel, Inc.....	2088
Oregon Strawberry Council, Northwest Cannery & Freezers Association, and California Strawberry Advisory Board, Robert E. Ward.....	3743
Owen, Stephen F., Jr., counsel, American Producers of Italian-Type Cheeses Association, and Stella cheese division, Universal Foods Corp.....	4866
Paidar, Emil J., Co., John Dlouhy, executive vice president.....	3136
Palmby, Clarence, executive vice president, U.S. Feed Grains Council....	795
Palmer, John D., president, Tobacco Associates, Inc.....	1425
Panhandle Producers & Royalty Owners Association, Don Watson, president.....	4212, 4248
Parker, Joseph O., chairman, International Trade Development Board....	960
Patterson, G. K., California Olive Growers & Cannery Industry Committee...	4991
Patton, Thomas F., American Iron & Steel Institute.....	1845
Pelly, Hon. Thomas M., a Representative in Congress from the State of Washington.....	3381
Pennsylvania Grade Crude Oil Association, Bradford district, Pennsylv- ania Oil Producers Association, and New York State Oil Producers Association, J. Paul Jones.....	4212, 4251
Pennsylvania Oil Producers Association, Bradford district, Pennsylvania Grade Crude Oil Association, and New York State Oil Producers Association, J. Paul Jones.....	4212, 4251
Pepper, Hon. Claude, a Representative in Congress from the State of Florida.....	4822
Perry, J. Wiley, Jr., chairman, import study committee, Cast Iron Soil Pipe Institute.....	2234
Perry Products Co., Lawrence D. Epstein, vice president.....	2243
Peters, John S., manager, membership and industry relations division, Florida Fruit & Vegetable Association.....	4951, 4966
Petersen, Howard C., vice chairman, international economic studies, research and policy committee, Committee for Economic Development...	1225
Pettis, Hon. Jerry L., a Representative in Congress from the State of California.....	1840

XVI

	Page
Pfister Chemical, Inc., Charles W. French, vice president.....	4648
Phaneuf, Normand, president, Lakeway Chemicals, Inc.....	4642
Phelps, Robert L., in behalf of Northwest Independent Steel Mills.....	2118
Philbin, Hon. Philip J., a Representative in Congress from the State of Massachusetts.....	2349
Phillips, Lawrence S., American Apparel Manufacturers Association.....	2538
Pin, Clip & Fastener Association, Myron Solter, safety pin and straight pin division.....	2774
Pogeler, Glenn H., president, Soybean Council of America, Inc.....	1411
Polanco-Abreu, Hon. Santiago, Resident Commissioner, Puerto Rico.....	4941
Port of New York Authority, Clifford O'Hara, director, port commerce....	873
Price, Hon. Bob, a Representative in Congress from the State of Texas....	4202
Pringle, Vic, International Trade Development Board.....	960
Purcell, Hon. Graham, a Representative in Congress from the State of Texas.....	4201
Purcell, Robert, finance committee chairman, International Basic Eco- nomic Corp.....	1343, 1350
Puerto Rico, Hon. Santiago Polanco-Abreu, Resident Commissioner.....	4941
Puerto Rico Economic Development Administration, Sergio Camero, administrator.....	4348
Quie, Hon. Albert H., a Representative in Congress from the State of Minnesota.....	4822
Quillen, Hon. James H., a Representative in Congress from the State of Tennessee.....	1336
Quimby, John, past director, West Coast Metal Importers Association.....	2228
Railroad Commission of Texas, Jim C. Langdon, chairman.....	4285
Randolph, Chet, executive vice president, American Soybean Association....	950
Rauth, Louis F., Flavor Pict Cooperative.....	5023
Raytheon Co., Charles F. Adams, chairman of the board.....	3640
Reed, Otie M., National Milk Producers Federation.....	4845
Reifel, Hon. Ben, a Representative in Congress from the State of South Dakota.....	4005
Reiser, Ralph, international president, United Glass & Ceramic Workers of North America.....	3756, 3767
Rhode Island Textile Association, Fulton Rindge, Jr.....	2379
Rhodes, Hon. John J., a Representative in Congress from the State of Arizona.....	4821
Richman, Gilbert C., button division, Society of the Plastics Industry, Inc.....	3131
Rindge, Fulton, Jr., chairman, Northern Textile Association, and in behalf of Rhode Island Textile Association.....	2379
Rivers, Hon. L. Mendel, a Representative in Congress from the State of South Carolina.....	4922
Robinson, Dana I., Sudbury, Mass.....	1297
Robison, Hon. Howard W., a Representative in Congress from the State of New York.....	4820
Rocky Mountain Oil & Gas Association, Robert Burch.....	4346
Rodino, Hon. Peter W., a Representative in Congress from the State of New Jersey.....	4669
Rogers, Hon. Paul G., a Representative in Congress from the State of Florida.....	4951
Rolled Zinc Manufacturers Association, William L. Donehower, Jr.....	2306
Rubber Manufacturers Association:	
Campbell, William C., secretary, industrial rubber products division....	4190
Cooper, Mitchell J., footwear division.....	4148
Kaplan, Richard, counsel, division on imports.....	4190
Ruppe, Hon. Philip E., a Representative in Congress from the State of Michigan.....	1842, 4009
Rutledge, Robert W., executive vice president, Florida Citrus Mutual....	4981
St. Germain, Hon. Fernand J., a Representative in Congress from the State of Rhode Island.....	1087
St. Onge, Hon. William L., a Representative in Congress from the State of Connecticut.....	2353, 4842
Sadler, John H., M.D., director, Atlanta Artificial Kidney Center.....	1324, 1333
Santa Maria Chili, Inc., Cal-Compac Foods, Gentry Corp., and Uni- versal Foods Corp., W. Ed Crane, in behalf of.....	5001

XVII

	Page
Savona, Vincent, and Edward H. Selonick, American Retail Federation.....	1404,
	1409
Saylor, Hon. John P., a Representative in Congress from the State of Pennsylvania.....	883
Sayre, Dr. Charles R., National Cotton Council of America.....	2562
Scandinavian Fur Agency, Inc., James R. Sharp, counsel.....	4050
Schadeberg, Hon. Henry C., a Representative in Congress from the State of Wisconsin.....	1485
Scherle, Hon. William J., a Representative in Congress from the State of Iowa.....	1492
Schwenger, Robert B., Kensington, Md.....	1678
Scrap Industry Trade Policy Council, Hugo Neu, chairman.....	2202
Searls, David T., counsel, Ad Hoc Committee of Galvanized Electrical Transmission Tower Fabricators.....	2211
Selonick, Edward H., and Vincent Savona, American Retail Federation.....	1404
Shallow, Bernard J., chairman, Anti-Friction Bearing Manufacturers Association.....	2974
Shannon, Thomas F., counsel, National Footwear Manufacturers Association, and Tanners Council of America, Inc.....	4064
Sharp, James R., counsel:	
Hardboard Manufacturers.....	4447
Scandinavian Fur Agency, Inc.....	4050
Shell, Joseph C., executive director, California Independent Producers & Royalty Owners Association.....	4212, 4270
Shriver, Hon. Garner E., a Representative in Congress from the State of Kansas.....	4210
Sifers, Burr, chairman, board of directors, National Confectioners Association of the United States.....	3470
Slide Fastener Association, and Clothespin & Veneer Products Association, Richard A. Tilden.....	2752
Smith, David, American Association of Woolen Importers, Inc.....	2553
Smith, Hon. James V., a Representative in Congress from the State of Oklahoma.....	1313
Snyder, Hon. M. Gene, a Representative in Congress from the State of Kentucky.....	4843, 4930
Society of the Plastics Industry, Inc.:	
Christopher, William F., chairman, tariff committee.....	3098
Richman, Gilbert C., button division.....	3131
Solter, Myron, counsel:	
Imported Hardwood Products Association.....	4428
Pin, Clip & Fastener Association, safety pin and straight pin division.....	2774
Soybean Council of America, Inc., Glenn H. Pogeler, president.....	1411
Stainless Steel Flatware Manufacturing Association, Stuart C. Hemingway, Jr.....	3091
Steed, Netum A., president, Texas Independent Producers & Royalty Owners Association.....	4212, 4253
Steed, Hon. Tom, a Representative in Congress from the State of Oklahoma.....	3176
Steele, Hoyt P., chairman, commercial policy committee, U.S. Council of the International Chamber of Commerce.....	1002
Steiger, Hon. William A., a Representative in Congress from the State of Wisconsin.....	1486
Stewart, Eugene L., counsel:	
American Loudspeaker Manufacturers Association.....	3518
American Aniline Products, Inc.....	4724
Electronic Industries Association, parts and distributor products divisions.....	3518
Trade Relations Council of the United States, Inc.....	1109
U.S. Producers of Flat Glass.....	1504
Stitt, Nelson A., director, United States-Japan Trade Council.....	2126
Stobaugh, Robert B., Jr., organic chemicals group, American Importers Association.....	4673, 4675
Stone, Glass, and Clay Coordinating Committee, Howard P. Chester, executive secretary.....	3756
Strackbein, O. R., chairman, Nation-Wide Committee on Import-Export Policy.....	905

XVIII

Stratton, Hon. Samuel S., a Representative in Congress from the State of New York	Page 2405, 4004, 4825
Synthetic Organic Chemical Manufacturers Association:	
Barnard, Robert C., counsel	4483, 4512
Davies, Richard, consultant	4483, 4590
Turchan, Thomas P., president	4483, 4504
Talcott, Hon. Burt L., a Representative in Congress from the State of California	3181
Tanaka, H. William, attorney, in behalf of Paul H. Davidson, president, International Importers, Inc.	3634
Tanners' Council of America, Inc.:	
Glass, Irving R., executive vice president	4064, 4082
Meyer, A., Jr., president	4064, 4079
Shannon, Thomas F., counsel	4064
Taylor, Hon. Roy A., a Representative in Congress from the State of North Carolina	2350, 4826
Teague, Hon. Olin E., a Representative in Congress from the State of Texas	3174
Tennant, C., Sons & Co., Aubrey Fletcher, executive vice president	2311
Texas Independent Producers & Royalty Owners Association, Netum A. Steed, president	4212, 4253
Thomas, Victor, general vice president, United Cement, Lime & Gypsum Workers	3756, 3786
Thomson, Hon. Vernon, a Representative in Congress from the State of Wisconsin	4947
Thorn, Prof. Richard S., Department of Economics, University of Pittsburgh	1691
Thorpe, A. E., vice president and secretary-treasurer, U.S. National Fruit Export Council	853
Tilden, Richard A., Clothespin & Veneer Products Association, and Slide Fastener Association	2752
Timex, the U.S. Time Corp., Edward T. Carmody, vice chairman and director	3720
Tobacco Associates, Inc., John D. Palmer, president	1425
Torrence, Dr. Lois, American Association of University Women	869
Tower, Hon. John G., a U.S. Senator from the State of Texas	4264
Trade Relations Council of the United States, Inc.:	
Ashley, James M., chairman of the board	1109
Stewart, Eugene L., counsel	1109
Tranoco, Inc., Charles F. Travis, president	4455
Travis, Charles F., president, Tranoco, Inc.	4455
Trigg, Eric A., president, Alcan Aluminum Corp.	3370
Turchan, Thomas P., president, Synthetic Organic Chemical Manufacturers Association	4483, 4504
Uecker, William F., Window Shade Manufacturers Association	3857
Umbrella Frame Association of America, Leonard E. Finkel, president	3140
Union Carbide Corp., Herman K. Intemann, vice president	4322
Universal Foods Corp., Cal-Compac Foods, Gentry Corp., and Santa Maria Chili, Inc., W. Ed Crane, in behalf of	5001
Universal Foods Corp., Stella cheese division, and American producers of Italian-Type Cheeses Association, Stephen F. Owen, Jr., counsel	4866
United Cement, Lime & Gypsum Workers, Victor Thomas, general vice president	3756, 3786
United Glass & Ceramic Workers of North America, Ralph Reiser, international president	3756, 3767
United Shoeworkers of America, AFL-CIO, George O. Fecteau, general president, and John E. Mara, president, Boots & Shoemakers Union	4102
United States-Japan Trade Council, Nelson A. Stitt, director	2126
United States Potters Association, David A. Golden, customs and tariff counsel	3803
United Steelworkers of America, I. W. Able, president	1845, 1895
United Stone & Allied Products Workers of America, Hollan Cornett, executive board member	3756, 3792
U.S. Council of the International Chamber of Commerce, Hoyt P. Steele, chairman, commercial policy committee	1002
U.S. Dyestuff Producers, ad hoc committee of, James J. Marshall, in behalf of, and president, American Aniline Products, Inc.	4724

XIX

	Page
U.S. Feed Grains Council, Clarence Palmby, executive vice president.....	795
U.S. National Fruit Export Council, A. E. Thorpe, vice president and secretary-treasurer.....	853
U.S. Producers of Flat Glass, Eugene L. Stewart, counsel.....	1504
U.S. Time Corp., Timex, Edward T. Carmody, vice chairman and director.....	3720
Walker, Hon. E. S. Johnny, a Representative in Congress from the State of New Mexico.....	1337
Ward, Robert E., Northwest Canners & Freezers Association, Oregon Strawberry Council, and California Strawberry Advisory Board.....	3743
Warner & Swasey Co., George W. Herkner, executive vice president.....	2845, 2971
Warrell, C. J., domestic bicycle tire and tube industry.....	3450
Watkins, Hon. G. Robert, a Representative in Congress from the State of Pennsylvania.....	1829
Watson, Arthur K., chairman, Emergency Committee for American Trade.....	1343
Watson, Don, president, Panhandle Producers & Royalty Owners Asso- ciation.....	4212, 4248
Wedell, Gustav, chairman, business practices committee, Danish-American Trade Council, Inc.....	1626
West Coast Metal Importers Association, John Quimby, past director.....	2228
Westwood, Richard, president, EMBA Mink Breeders Association.....	4012
Whalley, Hon. J. Irving, a Representative in Congress from the State of Pennsylvania.....	4827
White, Hon. Richard C., a Representative in Congress from the State of Texas.....	2749, 4211
Whitener, Hon. Basil L., a Representative in Congress from the State of North Carolina.....	1499
Willis, Hon. Edwin E., a Representative in Congress from the State of Louisiana.....	4206
Willson, R. B., Co., Inc., Robert B. Willson, president.....	3462
Wilson, T. A., president, Boeing Aircraft.....	1343, 1347
Wilton & Velvet Carpet and Rug Importers, Robert E. Herzstein, counsel.....	2599
Window Shade Manufacturers Association, William F. Uecker.....	3857
Wolfson, J. Theodore, president, Business Builders International, Inc.....	857
Wyatt, Hon. Wendell, a Representative in Congress from the State of Oregon.....	1089
Wyman, Hon. Louis C., a Representative in Congress from the State of New Hampshire.....	2355
Zukowsky, Norman, international president, International Leather Goods, Plastics & Novelty Workers Union, AFL-CIO.....	4130
Zablocki, Hon. Clement J., a Representative in Congress from the State of Wisconsin.....	1335

MATERIAL SUBMITTED FOR THE RECORD

GOVERNMENT OFFICIALS

Clubb, Bruce E., Commissioner, Tariff Commission, statement before the Senate Finance Committee hearings on the International Antidumping Code, June 27, 1968.....	1942
Freeman, Hon. Orville L., Secretary of Agriculture, Department of Agricul- ture inspection/of meat exports from foreign countries to the United States.....	696
Furness, Miss Betty, Special Assistant to the President for Consumer Affairs, letter dated June 10, 1968, to Chairman Mills.....	64
Roth, Ambassador William M., Special Representative for Trade Negotia- tions:	
Absolute increase in imports of principal commodities 1960-67.....	107
Agricultural concessions received by United States in Kennedy round.....	710
Comparison of watch prices.....	699
Dye exports financed by AID.....	574
Establishment of STR and TIC.....	560
European tax systems (including exhibits A through E).....	53
Experience to date with the 1968 investments under the mandatory investments restraint program and relationship of this program to exports.....	386
International Grains Arrangement, 1967.....	394

Roth, Ambassador William M.—Continued

Justification for adjustment assistance program related to increased imports.....	Page 559
Nonrubber footwear.....	701
Outline of trade policy study and supporting computer program.....	442
Preliminary inventories of nontariff barriers.....	122
Preliminary inventory of nontariff barriers affecting U.S. trade in agricultural products.....	123
Preliminary inventory of nontariff barriers affecting U.S. trade in industrial products.....	220
Inventory of alleged U.S. nontariff barriers.....	308
Nontariff barriers, by William B. Kelly, Jr.....	313
Production of ASP chemicals by one, two, or three firms.....	599
Progress in the elimination of foreign nontariff barriers.....	609
Recent changes in the use of nontariff barriers by other countries.....	721
Retaliatory action by United States.....	645
Selected industries with tariff reduction greater than the overall average reduction of 35 percent.....	580
Selectivity of the German added value tax.....	115
STR consideration of the representations of interested groups.....	566
Table 1—Chemicals and allied products.....	521
Table 2—Benzeneoid chemicals.....	522
Table 3—Intermediates.....	523
Table 4—Dyes and azoics.....	524
Table 5—Pigments.....	525
Table 6—Medicinals.....	526
Table 7—Other benzeneoid products.....	527
Table 8—Comparison of U.S. and EEC tariff rates for large-volume benzeneoid intermediates.....	528
Table 9—U.S. chemical exports, imports, and trade balance by principal destination and source, 1961–67.....	529
Table 10—Benzeneoid chemical rates of duty, ad valorem equivalents, and 1964 imports.....	531
Table 11—Chemicals and allied products; new capital expenditures by selected industries and industry groups, 1958–67.....	547
Table 12—Annual plant and equipment expenditures abroad by U.S. manufacturing companies: all manufacturing and chemicals and allied products.....	547
Table 13—Estimates of plant and equipment expenditures by foreign affiliates of U.S. companies, by area and industry, 1965–68.....	547
Table 14—Chemicals and allied products: sales by American-owned enterprises abroad and exports from the United States.....	548
Table 15—Research and development expenditures, by industry, 1958–66.....	548
Table 16—Selected employment data for chemicals and allied products, industry, intermediate coal tar products industry, and all manufacturing industries, 1958–68.....	549
Table 17—Selected economic indicators for the intermediate coal-tar products industry, 1958–66.....	550
Table 18—Index of industrial production (1957–59 equals 100).....	550
Table 19—Selected economic data: comparisons of chemicals and allied products industry with all manufacturing industries, 1958–67.....	551
U.S. exports, excluding military grant aid, in current and constant dollars, 1960–67.....	587
U.S. exports financed under the Public Law 480 and AID programs, 1960–67.....	575
U.S. imports and exports by major industries.....	100

Rusk, Hon. Dean, Secretary of State:

Analysis of U.S. exports to Europe, 1957–1967.....	725
Allied efforts in Europe.....	674
Letter dated June 13, 1968, from H. G. Torbert, Jr., Acting Assistant Secretary for Congressional Relations, to Chairman Mills re placing before the Federal Maritime Commission the views of the United Kingdom Government.....	689

Smith, Hon. Cyrus R., Secretary, Department of Commerce:	Page
Annual value of U.S. exports, imports, and merchandise balance-----	83
Commerce export promotion activities—relation to private efforts and measurement of results-----	380
Major commodity increases in U.S. domestic exports from 1960 to 1967-----	98
Major commodity increases in U.S. imports from 1960 to 1967-----	97
Selected data on foreign transactions of the United States in the first quarter of 1968 available as of the middle of May 1968-----	88
Trends in U.S. foreign trade, 1960-67 and January-April 1968-----	95
U.S. balance of payments in the first quarter 1968-----	84
U.S. trade by end-use categories, 1960-67-----	93
Wirtz, Hon. W. Willard, Secretary, Department of Labor:	
Automotive Products Trade Act of 1965 (APTA)-----	554
International Labour Organisation (ILO) and working conditions----	377

PUBLIC

A. & A. Trading Co., et al., H. William Tanaka, counsel, in behalf of certain importers of electronic products, statement-----	3654
Adams, Charles F., chairman of the board, Raytheon Co., telegram dated July 12, 1968, to Chairman Mills-----	3634
Addonizio, Mayor Hugh J., Newark, N.J., statement-----	1473
Ad Hoc Committee of Galvanized Electrical Transmission Tower Fabricators:	
Letter dated May 31, 1967, from David T. Searls, counsel, Charles B. Gannaway, Jr., chairman, re imposition of countervailing duties on imports of Italian galvanized electrical transmission towers-----	2220
Letter dated July 11, 1968, from David T. Searls, counsel, to Chairman Mills, re strengthening of countervailing duty statute-----	2226
Judicial interpretation as to what is a bounty under countervailing duty law-----	2216
Adler, Kurt S., Inc., Kurt S. Adler, president, letter dated May 29, 1968, to Chairman Mills-----	3170
AFL-CIO, Nathaniel Goldfinger, director, department of research, additional views on adjustment assistance provisions of the Trade Expansion Act of 1968-----	1107
Aircraft Locknut Manufacturers Association, et al., George P. Byrne, Jr., secretary and legal counsel, statement-----	3027
Air Transport Association of America, statement-----	4414
Akin, Paul B., president, Laclede Steel Co., statement-----	2255
Alabama Garment Manufacturers Association, James Utsey, president, letter dated June 18, 1968, to Chairman Mills, with resolution attached and with covering letter from Hon. Bill Nichols, a Representative in Congress from the State of Alabama-----	2626
Alabama, State of, Hon. Albert P. Brewer, Governor, telegram dated July 8, 1968, to Chairman Mills-----	4362
Alaska Fishermen's Union, George Johansen, secretary-treasurer, statement-----	3444
Allen, John R., vice president, eastern region, McDonnell Douglas Corp., letter dated July 16, 1968, to Chairman Mills-----	2798
Allerhand, Irving W., vice president, Consolidated International Trading Corp., statement-----	4186
Allied Chemical Corp., Chester M. Brown, chairman of the board, statement-----	4785
All-State Welding Alloys Co., Inc., Thomas D. Nast, president, letter dated July 3, 1968, to Chairman Mills-----	3374
Amalgamated Clothing Workers of America, AFL-CIO, Milton Fried, director of research, and International Ladies' Garment Workers' Union, AFL-CIO, Lazare Teper, director of research, letter dated June 14, 1968, to Chairman Mills-----	2641
Amalgamated Meat Cutters & Butcher Workmen of North America, AFL-CIO, Abe Feinglass, international vice president, director, fur and leather department, statement-----	4182
American Bankers Association, Charles E. Walker, executive vice president, letter dated June 17, 1968, to Chairman Mills-----	1809

American Hand-Made Glassware Industry, J. Raymond Price, executive secretary of Glass Crafts of America, statement in behalf of-----	Page 3819
American Hardboard Association, J. Mason Meyer, executive secretary, statement-----	4468
American Importers Association:	
O'Brien, Gerald, executive vice president, statement on U.S. foreign trade policy before Trade Information Committee of Office of President's Special Representative for Trade Negotiations, May 20, 1968-----	841
Floor covering group:	
Rostov, Charles I., statement-----	2603
Additional statement-----	2618
Textile and apparel group:	
Daniels, Michael P., counsel, report to the President on investigation No. 332-55 under section 332 of the Tariff Act of 1930 by U.S. Tariff Commission-----	2433
American Institute for Imported Steel, Inc.:	
Continuous casting; taking over 10 percent of semifinished steel production, article from 33/The Magazine of Metal Producing-----	2103
Deliveries of rolled steel products in countries of the European coal and steel community-----	2103
U.S. balance of trade—Steelmaking raw material, 1967-----	2102
American-International Charolais Association, J. Scott Henderson, executive secretary, letter dated June 5, 1968, to Chairman Mills-----	3332
American Iron & Steel Institute, Thomas F. Patton:	
Discussions of steel imports with OEP—response to questions by Congressman Curtis-----	1917
Steel and the National Security, April 1968-----	1857
Steel import controls of other countries—response to question by Congressman Schneebeli-----	1910
"Uniqueness" of steel—response to question by Congressman Ullman-----	1908
American Koyo Corp., J. B. Gray, corporate services manager, letter dated July 9, 1968, to Chairman Mills-----	2268
American Loudspeaker Manufacturers Association, Eugene L. Stewart, counsel, letter dated July 3, 1968, to Hon. Jackson E. Betts, a Representative in Congress from the State of Ohio, re Far East comparative wages-----	3630
American Metal Importers Association, Inc., Aubrey L. Moss, president, letter dated July 1, 1968, to Committee on Ways and Means-----	3377
American Mining Congress, J. Allen Overton, Jr., executive vice president, letter dated May 29, 1968, to Chairman Mills, with attachments-----	1946
Declaration of Policy—1967-68-----	1947
Summary of issues discussed in AMC staff study-----	1948
Staff study and comparative analysis by the AMC of the International Antidumping Code-----	1949
American Mushroom Institute, Ronald B. Hunte, executive director, letter dated June 26, 1968, to Chairman Mills-----	5088
American National Cattlemen's Association, C. W. McMillan, executive vice president, letter dated July 9, 1968, to Chairman Mills, re explanation of the proposed amendments to the Meat Import Act of 1964-----	3211
American Newspaper Publishers Association, Stanford Smith, general manager, statement-----	4465
American Paper Institute, Inc., Edwin A. Locke, Jr., president, statement-----	4460
American Pipe Fittings Association, T. William C. Smith, president, letter dated June 20, 1968, to Chairman Mills-----	2259
American Scotch Highland Breeders' Association, Margaret Manke, secretary, letter dated June 29, 1968, to Chairman Mills-----	3331
American Sprocket Chain Manufacturers Association, J. E. Cooper, president, R. E. Lambert, chairman, Committee on Government Relations, and L. E. Stybr, executive director, statement-----	3039
American Textile Manufacturers Institute, Frederick B. Dent, president, letter dated July 9, 1968, to Hon. Thomas B. Curtis, a Representative in Congress from the State of Missouri, re statement of position on H.R. 17551-----	2388
Amperex Electronic Corp., Frank L. Randall, Jr., president, statement-----	3505
Anderson, M. Allen, president, Premier Santa Gertrudis Association, resolution, dated May 26, 1968, with covering letter from Hon. Roman L. Hruska, a U.S. Senator from the State of Nebraska-----	3333

Angevine, Erma, executive director, Consumer Federation of America, letter dated July 12, 1968, to Chairman Mills.....	Page 1739
Arizona Cattle Feeders' Association, D. C. Entz, chairman, board of directors, statement.....	3306
Arizona Cattle Growers' Association, statement.....	3306
Armco Steel Corp., C. William Verity, Jr., president, statement.....	2253
Ashland Oil & Refining Co.: Atkins, Orin E., president, letter dated July 5, 1968, to Chairman Mills.....	4397
Whealy, Roland A., vice president, statement.....	4393
Atkins, Orin E., president, Ashland Oil & Refining Co., letter dated July 5, 1968, to Chairman Mills.....	4397
Australian Meat Board, W. W. Stenning, North American representative, statement, with forwarding letter from the State Department.....	3301
Australian Mining Industry Council, statement, with forwarding letter from Department of State.....	2322
Australian Wool Tops Exporters, statement, with forwarding letter from Department of State.....	2734
Automobile Manufacturers Association, statement.....	1759
Baldanzi, George, international president, United Textile Workers of America, AFL-CIO, statement.....	2628
Barsy, Solbert J., Chicago, Ill., letter dated July 8, 1968, to Chairman Mills.....	2274
Bartel, Andrew, president, Great Lakes Mink Association, statement.....	4017
Bass, V. J., vice president, J. E. Barnard & Co., Inc., letter dated June 27, 1968, to Chairman Mills.....	1806
Battenfeld Grease & Oil Corp. of New York, G. W. Miller, chairman of the board, statement, with forwarding letter from Hon. Henry P. Smith III, a Representative in Congress from the State of New York.....	4422
Battin, Hon. James F., a Representative in Congress from the State of Montana: Economic "abyss" seen by Martin; Reserve chief asks rise in taxes and spending cut, article from June 12, 1968, New York Times.....	989
U.S. trade surplus goal unattainable, official says, article from June 6, 1968, Wall Street Journal.....	988
Bauer, Richard J., president, Independent Zinc Alloyers Association, statement.....	2304
Baughman, Harry W., Jr., national president, Window Glass Cutters League of America, statement.....	3824
Beeghly, Charles M., Jones & Laughlin Steel Corp., telegram dated June 20, 1968, to Chairman Mills.....	1926
Bell, David H., president, Ohio Oil & Gas Association, letter dated May 27, 1968, to Committee on Ways and Means.....	4392
Belridge Oil Co., R. W. Trueblood, president, statement.....	4269
Bendix Corp., Michael Blumenthal, president, Bendix International, telegram dated July 12, 1968, to Chairman Mills.....	3632
Bendix International, W. Michael Blumenthal, president, industry representations during Kennedy round.....	1251
Bennett, William E., president, Kentuckiana World Commerce Council, Inc., letter dated June 25, 1968, to Chairman Mills, with resolution attached.....	1775
Bernard, J. E., & Co., Inc., V. J. Bass, vice president, letter dated June 27, 1968, to Chairman Mills.....	1806
Beskind, Claire, president, League of Women Voters of the Princeton Community (N.J.), letter dated June 20, 1968, to Chairman Mills.....	997
Bethlehem Steel Corp., Edmund F. Martin, chairman, letter dated June 17, 1968, to Chairman Mills.....	1926
Black & Decker Manufacturing Co., Alonzo G. Decker, Jr., chairman of the board and president, letter dated June 20, 1968, to Chairman Mills.....	2268
Blake, Grant, president, Idaho Beekeepers Association, Inc., statement.....	3469
Blincoe, Richard D., president, Idaho Cattle Feeders Association, Inc., statement.....	3316
Blood, Mrs. Lawrence, president, League of Women Voters of Reading (Mass.), letter dated June 25, 1968, to Chairman Mills.....	994
Blumenthal, Harry & Sons, Inc., Harry Blumenthal, president, letter dated July 8, 1968, to Chairman Mills.....	3378
Blumenthal, W. Michael, president, Bendix International: Industry representations during Kennedy round.....	1251
Telegram dated July 12, 1968, to Chairman Mills.....	3632

	Page
B'nai B'rith, Dr. William A. Wexler, president, statement.....	1028
Bommarito, Peter, president, United Rubber, Cork, Linoleum, & Plastic Workers of America, AFL-CIO, statement.....	4180
Bourbon Institute, Vice Adm. William J. Marshall, USN (retired), president.....	2799
Branch, C. B., executive vice president, Dow Chemical Co., statement....	4793
Brewer, Hon. Albert P., Governor of the State of Alabama, telegram dated July 8, 1968, to Chairman Mills.....	4362
Bright Wire Goods Manufacturers Service Bureau, et al., George P. Byrne, Jr., secretary and legal counsel, statement.....	3027
Brook, John G., chairman, Lear Siegler, Inc., telegram dated July 12, 1968, to Chairman Mills.....	3633
Brown, Chester M., chairman of the board, Allied Chemical Corp., state- ment.....	4785
Brown, Hon. Clarence J., Jr., a Representative in Congress from the State of Ohio, statement.....	3300, 4887
Brown, L. G., president, Precision Drawn Steel Co., letter dated June 4, 1968, to Chairman Mills, with attachment.....	2273
Buckner, Emil H., secretary-treasurer, United States Extrusions Corp., letter dated June 27, 1968, to Chairman Mills.....	3377
Bucy, J. Fred, group vice president, Texas Instruments Inc., telegram dated July 11, 1968, to Chairman Mills.....	3634
Bullen, George S., legislative director, National Federation of Independent Business, statement.....	1730
Burke, Hon. James A., a Representative in Congress from the State of Massachusetts:	
Importation of footwear from foreign countries, material relating to.....	727
Strawberries, statistical tables and comments.....	3749
Burns, Hon. John A., Governor of the State of Hawaii, statement.....	2353
Business Builders International, Inc., J. Theodore Wolfson, president, article from Wall Street Journal entitled "Steel Firms' Profits Are Expected To Spurt as Outlays Begin To Pay Off, Analysts Say".....	859
Byrne, George P., Jr., secretary and legal counsel:	
Service Tools Institute, statement.....	3046
U.S. Cap Screw Service Bureau, U.S. Wood Screw Bureau, U.S. Machine Screw Service Bureau, Tapping Screw Service Bureau, Socket Screw Products Bureau, Tubular and Split Rivet Council, Aircraft Locknut Manufacturers Association, and Bright Wire Goods Manufacturers Service Bureau, statement.....	3027
Caggiano, G. Robert, director, Bureau of International Trade, Department of Commerce and Development, Commonwealth of Massachusetts, statement.....	1065
California-Arizona Citrus Industry, statement.....	5041
California Cattleman's Association, Will Gill, Jr., president, statement...	3308
California Dried Fig Advisory Board, Ron Klamm, manager, and managing director, California Fig Institute, statement.....	3308
California Fig Institute, Ron Klamm, managing director, and manager, California Dried Fig Advisory Board, statement.....	3308
Campbell, Dr. Persia, National Consumers League, statement.....	870
Campbell, R. A., chairman, liaison committee, Cooperating Oil and Gas Association, statement.....	4238
Candle Manufacturers Association, H. R. Parker, secretary, letter dated June 25, 1968, to Chairman Mills.....	3170
Canned Meat Importers Association, Ronald Wright, president, statement...	3338
Carlip, Mrs. Alfred B., chairman, foreign policy committee League of Women Voters of Broome County (N. Y.), letter dated June 28, 1968, to Chairman Mills.....	998
Carnation Co., Jule N. Kvamme, corporate department, statement.....	4792
Carson, Mrs. Robert M., president, League of Women Voters of Winter Park-Orlando, Fla., letter dated June 26, 1968, to Chairman Mills.....	992
Cast Iron Soil Pipe Institute, Frederick D. Hunt, foreign trade consultant, letter dated July 22, 1968, to Representative Curtis, re authority in negotiating International Antidumping Code.....	2241

Cement Industry Antidumping Committee, John C. Mundt, vice chairman:

Memorandum on the legal authority of the executive branch to negotiate the International Antidumping Code.....	Page 1388
Supplementary statement.....	1384
Certified Livestock Markets Association, C. T. "Tad" Sanders, general manager, letter dated July 3, 1968, to Chairman Mills.....	3332
Chamber of Commerce of the New Orleans area, Murray C. Fincher, president, letter to Chairman Mills, with statement attached.....	1785
Chernoff, Mrs. Max, president, League of Women Voters of Great Neck, N.Y., letter dated June 21, 1968, to Chairman Mills.....	998
Citizens State Bank & Trust Co., Wayne R. Starr, president, letter dated June 20, 1968, to Chairman Mills.....	1824
Citronbaum, Jack, executive vice president, Luggage & Leather Goods Manufacturers of America, Inc., statement.....	4131
Clay, Henry J., Netherlands Chamber of Commerce in the United States, Inc., letter dated June 25, to Hon. John W. Byrnes, re quantitative restrictions.....	1594
Clothing Manufacturers' Federation of Great Britain, and the Shirt, Collar & Tie Manufacturers' Federation, statement, with forwarding letter from the Department of State.....	2736
Committee of Producers of Ferroalloys and Related Products, Ronald L. Cunningham, letter dated July 12, 1968, from Lloyd Symington, counsel, to Chairman Mills, re questions addressed by Congressman Curtis....	2191
Conneaut, Ohio, city of, Arvo E. Sundberg, statement.....	2248
Conner, Commissioner Doyle, Florida Department of Agriculture, statement.....	5069
Conrad, A. B., secretary-manager, West Mexico Vegetable Distributors Association, statement, with forwarding letter from Hon. Morris K. Udall, a Representative in Congress from the State of Arizona.....	5088
Consolidated International Trading Corp., Irving W. Allerhand, vice president, statement.....	4186
Consumer Federation of America, Erma Angevine, executive director, letter dated July 12, 1968, to Chairman Mills.....	1739
Continental Oil Co., statement.....	4398
Continental Baking Co., George R. Vail, vice president and director, and president, Morton Frozen Foods Division, statement.....	3342
Cooper, J. E., president, R. E. Lambert, chairman, Committee on Government relations, and L. E. Stybr, executive director, American Sprocket Chain Manufacturers Association, statement.....	3039
Cooperating Oil & Gas Association, R. A. Campbell, chairman liaison committee, statement.....	4238
Coors Porcelain Co., Clinton M. Hester, attorney, statement.....	3827
Copper & Brass Fabricators Council, Inc., Y. E. Veltfort, managing director, letter dated June 19, 1968, to Chairman Mills, with statement attached..	2325
Cordage Institute, Merle S. Robie, chairman, executive committee, statement.....	2372
Corn Refiners Association, Inc., Robert C. Liebenow, president, statement.....	5093
Courtright, C. A., president, Washington Cattle Feeders Association, letter dated June 5, 1968, to Chairman Mills.....	3329
Coyne, Robert W., president, Distilled Spirits Institute, Inc., statement..	2811
Crawford, G. R., executive vice president, Smithfield Packing Co., Inc., letter dated June 10, 1968, to John M. Martin, Jr., chief counsel, Committee on Ways and Means.....	3343
Crompton & Knowles, Corp., James W. L. Monkman, vice president, statement.....	4798
Culbertson, W. O., Jr., president, New Mexico Cattle Growers' Association, statement.....	3322
Cunningham, Ronald L., Committee of Producers of Ferro-alloys & Related Products, letter dated July 12, 1968, from Lloyd Symington, counsel, to Chairman Mills, re questions addressed by Congressman Curtis.....	2191
Curl, William W., president, Texas Citrus Mutual, statement.....	5083
Curtis, Thomas B., a Representative in Congress from the State of Missouri:	
Memorandum to the American Iron & Steel Institute and their reply—Indirect imports and exports.....	1921
Memorandum to the Emergency Committee for American Trade and their reply—Problems of measuring steel export-import trade.....	1364

Daniel, Mrs. T. Emory, president, League of Women Voters of De Kalb County (Ga.), letter dated July 8, 1968, to Chairman Mills-----	Page 992
Daniels, Michael P., counsel:	
American Importers Association, textile and apparel group, report to the President on investigation No. 332-55 under section 332 of the Tariff Act of 1930 by U.S. Tariff Commission-----	2433
Japan Chemical Fibers Association, statement with forwarding letter from Department of State-----	2728
Japanese Chamber of Commerce, woolens division, statement-----	2743
Swiss Union of Commerce and Industry, statement, with covering letter from State Department-----	4771
Danish American Trade Council, Inc., Finish American Chamber of Commerce, Inc., Norwegian-American Chamber of Commerce, Inc., and Swedish Chamber of Commerce of the United States, Inc., statement---	1775
Davis, Warren B. director, planning and economics, Gulf Oil Corp., statement-----	4401
Davis Wire Corp., James L. Walker, president, letter dated July 9, 1968, to Chairman Mills, with attachments-----	2269
Decker, Alonzo G., Jr., chairman of the board and president, Black & Decker Manufacturing Co., letter dated June 20, 1968, to Chairman Mills-----	2268
Del Signore, M., president, et al., Local Union No. 14256, District 50, United Mine Workers of America, letter dated July 5, 1968, to John M. Martin, Jr., chief counsel, Committee on Ways and Means-----	4808
Demeter, Mrs. James, Kolb-Lena Cheese Co., letter dated May 23, 1968, to Chairman Mills-----	4901
Dent, Frederick B., president, American Textile Manufacturers Institute, letter dated July 9, 1968, to Hon. Thomas B. Curtis, a Representative in Congress from the State of Missouri, re statement of position on H.R. 17551-----	2388
Dent, Hon. John, a Representative in Congress from the State of Pennsylvania, nontariff trade barrier inventory by country-----	3878
Derby, Roland E., Jr., president, Nyanza, Inc., letter dated June 17, 1968, to Chairman Mills-----	4802
De Santis, Arthur A., executive secretary, Italy-American Chamber of Commerce, letter dated June 20, 1968, to Chairman Mills, re oil exports to Italy-----	1625
Detmers, Mrs. Bruce, president, League of Women Voters of Hamden (Conn.), letter dated June 24, 1968, to Chairman Mills-----	991
Deuschle, B. C., president, Shears, Scissors, and Manicure Implement Manufacturers Association, statement-----	3063
Distilled Spirits Institute, Inc., Robert W. Coyne, president, statement--	2811
Diversified Wire & Steel Corp., David P. Piering, president, telegram, dated June 14, 1968, to Chairman Mills-----	2202
Docking, Hon. Robert B., Governor, State of Kansas, statement-----	4363
Doherty, Mrs. George, president, League of Women Voters of Anderson (Ind.), letter dated July 12, 1968, to Chairman Mills-----	993
Dole, Hon. Bob, a Representative in Congress from the State of Kansas, statement-----	4365, 4888
Domestic Litharge Industry, statement-----	2301
Dorn, Hon. William Jennings Bryan, a Representative in Congress from the State of South Carolina:	
Additional statement-----	2412
Joint statement of over 100 Members of the House presented by Mr. Dorn, secretary, Informal House Textile Committee Group-----	2414
Dow Chemical Co., C. B. Branch, executive vice president, statement-----	4793
Dray, Margaret B., economist, Chicago, Ill., letter dated May 19, 1968, to Ways and Means Committee-----	2275
Dryer, Edwin Jason, counsel, Independent Refiners Association of America, statement-----	4373
Duncan, Hon. John J., a Representative in Congress from the State of Tennessee, letter dated June 13, 1968, to Chairman Mills-----	4890
Dunn, Stephen F., president, National Coal Association, statement-----	4423
Eberlein, John G., chairman, drawback committee, National Customs Brokers & Forwarders Association of America, Inc., pamphlet entitled "What Is Customs Drawback?"-----	1024

XXVII

Edelman, L., vice president, Gafco, Inc., letter dated July 15, 1968, to Chairman Mills-----	Page 4062
Edgerton, William B., Friends Committee on National Legislation, statement-----	1807
Electronic Industries Association:	
Jaumot, F. E., Jr., chairman, semi-conductor division, letter dated July 10, 1968, to Chairman Mills-----	3507
McCauley, Alfred R., special counsel to consumer products division, letter dated June 27, 1968, to John M. Martin, Esq., chief counsel, Committee on Ways and Means, forwarding memorandum of the Magnavox Co. on color television picture tubes-----	3496
Moore, William H., staff vice president, Government products division, letter dated July 12, 1968, to Chairman Mills-----	3507
Stewart, Eugene L., counsel, letter dated July 3, 1968, to Hon. Jackson E. Betts, a Representative in Congress from the State of Ohio, re Far East comparative wages-----	3630
Ellis, Don A., treasurer, Tektronix, Inc., statement-----	3704
EBMA Mink Breeders Association:	
Westwood, Richard E., president, statement-----	4014
Wittig, Harley, past president, statement-----	4013
Emergency Committee for American Trade:	
A critique of the Trade Relations Council's analysis of certain 1958/60-1964 declines in employment-----	1352
Memorandum from Representative Thomas B. Curtis of Missouri, and reply thereto—Problems of measuring steel export-import trade-----	1364
Entz, D. C., chairman, board of directors, Arizona Cattle Feeders' Association, statement-----	3306
Erie Technical Products, Inc., George P. Fryling, president, telegram dated July 11, 1968, to Chairman Mills-----	3633
Evans, Hon. Daniel J., Governor of the State of Washington, letter dated June 7, 1968, to Chairman Mills, with position paper attached-----	1719
Evaporated Milk Association, Fred J. Greiner, executive vice president, statement-----	4897
Expanded Shale, Clay & Slate Institute, the Lightweight Aggregate Producers Association, and the National Slag Association, statement-----	3813
Farrell Lines, Inc., statement-----	1791
Feighan, Hon. Michael A., a Representative in Congress from the State of Ohio, statement-----	2087
Feinglass, Abe, international vice president, director, Fur and Leather Department, Amalgamated Meat Cutters & Butcher Workmen of North America, AFL-CIO, statement-----	4182
Fezell, George H., president, Magnavox Consumer Electronics Co., telegram dated July 10, 1968, to Chairman Mills-----	3633
Fincher, Murray C., president, Chamber of Commerce of the New Orleans Area, letter to Chairman Mills, with statement attached-----	1785
Fine & Specialty Wire Manufacturers' Association, J. A. Mogle, chairman, foreign trade committee, statement-----	2275
Finish American Chamber of Commerce, Inc., Danish American Trade Council, Inc., Norwegian-American Chamber of Commerce, Inc., and Swedish Chamber of Commerce of the United States, Inc., statement-----	1775
Finney, Wray, president, Oklahoma Cattlemen's Association, letter dated May 28, 1968, to Chairman Mills-----	3327
First National City Bank, Walter B. Wriston, president, letter dated July 12, 1968, to Chairman Mills, with attachment-----	1810
First Washington Net Factory, Inc., Carl Koring, president, letter dated May 22, 1968, to John Martin, Jr., chief counsel, Committee on Ways and Means-----	2727
Fifth Cleveland Steels, Inc., Peter H. Garfunkel, executive vice president, letter dated May 23, 1968, to Chairman Mills-----	2272
Fishman, Morris, & Sons, Clinton M. Hester, attorney, statement-----	2747
Fitch, T. S., president, Washington Steel Corp., letter dated June 28, 1968, to Chairman Mills-----	1928
Fletcher, Aubrey, executive vice president, C. Tennant, Sons & Co., letter dated June 21, 1968, to Chairman Mills, re statistics on lead and zinc-----	2318
Florida Department of Agriculture, Commissioner Doyle Conner, statement-----	5069

Florida Fruit and Vegetable Association, J. S. Peters, manager, membership and industry relations, letter dated July 29, 1968, to Congressman Thomas B. Curtis, re domestic market for fruits and vegetables.....	Page 4978
Ford, Hon. Gerald R., a Representative in Congress from the State of Michigan, letter dated May 27, 1968, to Chairman Mills, with petition re mink industry attached.....	4061
Foerch, Mrs. Margaret, president, League of Women Voters of Michigan, letter dated June 28, 1968, to Chairman Mills.....	996
Forsythe, Russell, president, and James H. Warner, secretary, Ohio Cattle Feeders Association, letter dated June 17, 1968, to Chairman Mills, with attachment.....	3326
Forward America, Inc., Ed Wimmer, president, radio talk.....	1733
Foskett, John D., president, Homeshield Industries, letter dated July 3, 1968, to Chairman Mills.....	3369
Franko, Joseph J., treasurer, B. L. Lemke & Co., Inc., statement.....	4626
French Chamber of Commerce in the United States, Inc., Raymond J. Picard, president, statement.....	1773
Fried, Milton, director of research, Amalgamated Clothing Workers of America, AFL-CIO, and Lazare Teper, director of research, International Ladies' Garment Workers' Union, AFL-CIO, letter dated June 14, 1968, to Chairman Mills.....	2641
Friedson, N., Meat-O-Mat, Inc., letter dated June 12, 1968, to John M. Martin, Jr., chief counsel, Ways and Means, Committee.....	3344
Friends Committee on National Legislation, William B. Edgerton, statement.....	1807
Frost, M. F., vice president, Texas Farm Bureau, statement.....	5081
Fryling, George P., president, Erie Technical Products, Inc., telegram dated July 11, 1968, to Chairman Mills.....	3633
Fuel Oil Council of Maryland, Jay D. Kline, president, and Independent Oil Heat Dealers Association of Maryland, John M. Myers, president, letter dated July 5, 1968, to Chairman Mills.....	4420
Gafco, Inc., L. Edelman, vice president, letter dated July 15, 1968, to Chairman Mills.....	4062
Galvanized Electrical Transmission Tower Fabricators. (See Ad Hoc Committee of Galvanized, etc.)	
Galvin, Robert W., Motorola, Inc., telegram dated July 12, 1968, to Chairman Mills.....	3634
Gannaway, Charles B. (See Ad Hoc Committee of Galvanized Transmission Tower Fabricators.)	
Garfunkel, Peter H., executive vice president, Firth Cleveland Steels, Inc., letter dated May 23, 1968, to Chairman Mills.....	2272
Gehl's Guernsey Farms, Inc., John P. Gehl, statement.....	4894
General Dynamics Corp., John J. Graham, group vice president, telegram dated July 11, 1968, to Chairman Mills.....	3633
General Electric Co., statement.....	3657
Gerst, Leon W., president, Tenneco colors division, Tenneco Chemicals, Inc., statement.....	4780
Gill, Will, Jr., president, California Cattlemen's Association, statement...	3308
Glass Crafts of America, J. Raymond Price, executive secretary, on behalf of the American Hand-Made Glassware Industry, statement.....	3819
Glass Workers' Protective Leagues of West Virginia, Pennsylvania, Ohio, and Indiana, Huberta M. Patterson, secretary, West Virginia League, statement.....	3826
Glennendenning, Howard A., president, Local Union No. 13896, District 50, United Mine Workers of America, letter dated July 3, 1968, to John Martin, Mr., chief counsel, Committee on Ways and Means.....	4809
Goldfinger, Nathaniel, director, department of research, AFL-CIO, additional views on adjustment assistance provisions of the Trade Expansion Act of 1968.....	1107
Golson, Charles E. (See International Engineering & Construction Industries Council.)	
Gorton Corp., E. Robert Kinney, president, statement.....	3442
Graham, Harry L. (See National Grange.)	
Graham, John J., group vice president, General Dynamics Corp., telegram dated July 11, 1968, to Chairman Mills.....	3633
Granite City Steel Co., Nicholas P. Veeder, chairman of the board and president, statement.....	2254

	Page
Gray, Charles M., manager, Insulation Board Institute, statement.....	4478
Gray, J. B., corporate services manager, American Koyo Corp., letter dated July 9, 1968, to Chairman Mills.....	2268
Great Lakes Mink Association, Andrew Bartel, president, statement.....	4017
Greater Fort Lauderdale (Fla.) Chamber of Commerce, Marshall M. Smith, letter dated July 3, 1968, to Committee on Ways and Means.....	1785
Green, Ronald W., commissioner, Department of Sea and Shore Fisheries, State of Maine, statement.....	3445
Greenaway, E., secretary, National Association of Glove Manufacturers, letter dated May 28, 1968, to Chairman Mills, with forwarding letter from the Department of State.....	2742
Greiner, Fred J., executive vice president, Evaporated Milk Association, statement.....	4897
Grube, Mrs. Alfred, president, League of Women Voters of Sheboygan (Wis.), letter dated June 27, 1968, to Chairman Mills.....	1001
Guam, Territory of, Hon. Antonio B. Won Pat, Representative in Washington, statement.....	3740
Gulf Oil Corp., Warren B. Davis, director, planning and economics, statement.....	4401
Haber, Fred S., president, Ocean Freight Consultants, Inc., statement.....	1801
Hahn, Dorothy Parshley, chairman, foreign economic policy, League of Women Voters of Falmouth (Mass.), letter dated July 1, 1968, to Chairman Mills.....	994
Hall, Wilfred H., executive vice president, National Oil Jobbers Council, statement.....	4366
Hamilton Watch Co., Arthur B. Sinkler, chairman of the board, letter dated July 12, 1968, to Chairman Mills.....	3741
Hampton, Robert N., director of marketing and international trade, National Council of Farmer Cooperatives, letter dated July 12, 1968, to Chairman Mills.....	1735
Hansen, Hon. George V., a Representative in Congress from the State of Idaho.....	4060
Hansen, Mrs. Howard, president, League of Women Voters of Glen Ellyn (Ill.), letter dated June 19, 1968, to Chairman Mills.....	992
Hardwood Plywood Manufacturers Association, statement.....	4475
Harnischfeger, Walter, Milwaukee, Wis, statement.....	5098
Harshaw Chemical Co., R. A. Lucht, president, letter dated May 31, 1968, to Chairman Mills.....	4800
Hartke, Hon. Vance, a U.S. Senator from the State of Indiana, statement re International Antidumping Act.....	1939
Harvey, Dr. E. W., administrator, Otter Trawl Commission of Oregon, statement.....	3450
Hathaway, Hon. William D., a Representative in Congress from the State of Maine, statement.....	4010
Haughton, D. J., chairman of the board, Lockheed Aircraft Corp., telegram dated July 11, 1968, to Chairman Mills.....	3633
Hawaii Cattlemen's Council, Robert L. Hind, Jr., president, letters (with attachments) dated June 1, and June 14, 1968, to Hon. Patsy T. Mink, a Representative in Congress from the State of Hawaii, with covering letter.....	3308
Hawaii, State of, Hon. John A. Burns, Governor, statement.....	2353
Hawley Fuel Corp., Mark R. Joseph, vice president, letter dated June 11, 1968, to Chairman Mills.....	4427
Hays, George L., Mission Creek Angus Ranch, statement, and Mrs. George L. Hays, president, Idaho Cow Belles, letter dated May 22, 1968, to Hon. James A. McClure, a Representative in Congress from the State of Idaho, with covering letter.....	3335
Heinkel, Fred V., president, Midcontinent Farmers Association & Missouri Farmers Association, Inc., statement.....	1310
Henderson, J. Scott, executive secretary, American-International Charolais Association, letter dated June 5, 1968, to Chairman Mills.....	3332
Hester, Clinton M., attorney: Coors Porcelain Co., statement.....	3827
Fishman, Morris & Sons, statement.....	2747
Hilton-Davis Chemical Co., R. L. Marienthal, manager of chemical sales, letter dated June 21, 1968, to Committee on Ways and Means.....	4801

Hind, Robert L., Jr., president, Hawaii Cattlemen's Council, Inc., letters (with attachments) dated June 1, and June 14, 1968, to Hon. Patsy T. Mink, a Representative in Congress from the State of Hawaii, with covering letter-----	Page 3308
Homeshield Industries, John D. Foskett, president, letter dated July 3, 1968, to Chairman Mills-----	3369
Howard, John A., vice president and general manager, Magruder Color Co., Inc., letter dated June 24, 1968, to John M. Martin, Jr., chief counsel, Committee on Ways and Means-----	4801
Hunt, Frederick D., foreign trade consultant, Cast Iron Soil Pipe Institute, letter dated July 22, 1968, to Representative Curtis, re authority in negotiating International Anti-dumping Code-----	2241
Hunte, Ronald B., executive director, American Mushroom Institute, letter dated June 26, 1968, to Chairman Mills-----	5088
Huston, Charles Lukens, Jr., president, Lukens Steel Co., letter dated June 24, 1968, to Chairman Mills-----	2257
Idaho Beekeepers Association, Inc., Grant Blake, president, statement....	3469
Idaho Cattle Feeders Association, Inc., Richard D. Blincoe, president, statement-----	3316
Idaho Cow Belles, Mrs. George L. Hays, president, letter dated May 22, 1968, to Hon. James A. McClure, a Representative in Congress from the State of Idaho, with covering letter-----	3335
Independent Oil Heat Dealers Association of Maryland, John M. Myers, president, and Fuel Oil Council of Maryland, Jay D. Kline, president, letter dated July 5, 1968, to Chairman Mills-----	4420
Independent Petroleum Association of America, Dan L. Jones, general counsel, letter dated July 3, 1968, to Chairman Mills, re selected data on oils' balance of payments-----	4276
Independent Refiners Association of America, Edwin Jason Dryer, counsel, statement-----	4373
Independent Zinc Alloyers Association, Richard J. Bauer, president, statement-----	2304
Insulation Board Institute, Charles M. Gray, manager, statement-----	4478
Inter-American Committee on the Alliance for Progress (CIAP), Carlos Sanz de Santamaria, chairman, statement, with covering letter from State Department to Chairman Mills-----	1713
International Chemical Workers Union, Walter L. Mitchell, president, statement-----	4804
International Economic Policy Association, statement-----	1727
International Engineering & Construction Industries Council, Charles E. Golson:	
Article from September-October 1967 issue Worldwide P. & I. Planning entitled "¿Señor, qué es una 'U.S. Firm' según la AID?"-----	822
Letter dated June 17, 1968, to Chairman Mills, re clarification of two points in the council's oral statement-----	828
Position paper entitled "The competitive position of United States engineering and construction firms in the international market"-----	809
International House, E. M. Rowley, president, letter dated July 10, 1968, to Chairman Mills, with resolution attached-----	1786
International Ladies' Garment Workers' Union, AFL-CIO, Lazare Teper, director of research, and Amalgamated Clothing Workers of America, AFL-CIO, Milton Fried, director of research, letter dated June 14, 1968, to Chairman Mills-----	2641
International Trade Club of Chicago, statement-----	1787
International Union of Electrical, Radio & Machine Workers, AFL-CIO-CLC, Paul Jennings, president, statement-----	1740
Iowa Beef Producers Association, Orville Kalsem, president, statement--	3318
Italy-American Chamber of Commerce:	
De Santis, Arthur A., executive secretary, letter dated June 20, 1968, to Chairman Mills, re oil exports to Italy-----	1625
Laraja, Edward, chairman, Dairy Products Importers Group, statement-----	1621
Jackson, Mrs. Robert F., president, League of Women Voters of Greater Toledo (Ohio), letter dated June 27, 1968, to Chairman Mills-----	999
Japan Chemical Fibres Association, Michael P. Daniels, counsel, statement with forwarding letter from Department of State-----	2728

Japanese Chamber of Commerce, Woolens Division, Michael P. Daniels, counsel, statement.....	Page 2743
Jardox Fur Co., Arthur Rapaport, letter dated July 10, 1968, to Chairman Mills.....	4063
Jaumot, F. E., Jr., chairman, Semiconductor Division, Electronic Industries Association, letter dated July 10, 1968, to Chairman Mills.....	3507
Jennings, Paul, president, International Union of Electrical, Radio, & Machine Workers, AFL-CIO-CLC, statement.....	1740
Johansen, George, secretary-treasurer, Alaska Fishermen's Union, statement.....	3444
Johnson, Howard, sales manager, Linen Thread Co., statement.....	2620
Johnson, Lindsay F. (See Lead-Zinc Producers Committee.)	
Johnson, Reuben L. (See National Farmers Union.)	
Jones, Mrs. Dewitt C., III, president, League of Women Voters of Falmouth (Mass.), letter dated July 1, 1968, to Chairman Mills.....	994
Jones & Laughlin Steel Corp., Charles M. Beeghly, telegram dated June 20, 1968, to Chairman Mills.....	1926
Jones, L. Dan, general counsel, Independent Petroleum Association of America, letter dated July 3, 1968, to Chairman Mills, re selected data on oils' balance of payments.....	4276
Joseph, Mark R., vice president, Hawley Fuel Corp., letter dated June 11, 1968, to Chairman Mills.....	4427
Kalsem, Orville, president, Iowa Beef Producers Association, statement.....	3318
Kaminski, Jerome, president, International Union of District 50, United Mine Workers of America, letter dated July 11, 1968, to John M. Martin, Jr., chief counsel, Committee on Ways and Means.....	4809
Kansas, State of, Hon. Robert B. Docking, Governor, statement.....	4363
Katz, Lawrence R., Polan, Katz & Co., Inc., letter dated July 9, 1968, to Chairman Mills.....	3157
Kennedy, Edward E., research director, International Union of District 50, United Mine Workers of America, statement.....	1752
Kentuckiana World Commerce Council, Inc., William E. Bennett, president, letter dated June 25, 1968, to Chairman Mills, with resolution attached.....	1775
Kerr, Robert M., attorney, Specialty Crops Conference, statement.....	5049
Keystone Steel & Wire Company, Walton B. Sommer, president and chairman of the board, letter dated June 10, 1968, to Chairman Mills, with statement attached.....	1927
King, Hon. Cecil R., a Representative in Congress from the State of California, letter dated February 13, 1968, to John M. Martin, Jr., chief counsel, Committee on Ways and Means, re trade ties between the United States and Canada with replies of the various Federal Departments.....	2785
Kinthead Industries Inc., E. R. Meyer, letter dated July 1, 1968, to Chairman Mills.....	3376
Kinney, E. Robert, president, Gorton Corp., statement.....	3442
Klamm, Ron, managing director, California Fig Institute, and manager, California Dried Fig Advisory Board, statement.....	3308
Kline, Jay D., president, Fuel Oil Council of Maryland, and Independent Oil Heat Dealers Association of Maryland, John M. Myers, president, letter dated July 5, 1968, to Chairman Mills.....	4420
Koring, Carl, president, First Washington Net Factory, Inc., letter dated May 22, 1968, to John Martin, Jr., chief counsel, Committee on Ways and Means.....	2727
Kolb-Lena Cheese Co., Mrs. James Demeter, letter dated May 23, 1968, to Chairman Mills.....	4901
Kummer, Mrs. Joseph, first vice president, League of Women Voters of Ann Arbor (Mich.), letter dated June 20, 1968, to Chairman Mills.....	995
Kurtin, Harold, president, National Association of Secondary Material Industries, Inc., letter dated July 10, 1968, to Chairman Mills.....	2627
Kvamme, Jule N., corporate department, Carnation Co., statement.....	4792
Laclede Steel Co., Paul B. Akin, president, statement.....	2255
Lambert, R. E., chairman, committee on Government relations, J. E. Cooper, president, and L. E. Stybr, executive director, American Sprocket Chain Manufacturers Association, statement.....	3039
Lang, Ernest U., chief engineer, National-Standard Co., statement.....	1824

Laraja, Edward, chairman, Dairy Products Importers Group, Italy-American Chamber of Commerce, Inc., statement.....	Page 1621
Latella, John T., associate counsel, and Allan A. Rubin, vice president and counsel, U.S. Brewers Association, statement.....	2826
Lead-Zinc Producers Committee, Lindsay F. Johnson: Average E. & M. J. price per pound.....	2300
Factors preceding Presidential Proclamation No. 3257—September 22, 1958.....	2287
Leaf Tobacco Exporters Association, Inc., Malcolm B. Seawell, executive secretary and general counsel, statement.....	1429
League of Women Voters:	
Anderson (Ind.), Mrs. George Doherty, president, letter dated July 12, 1968, to Chairman Mills.....	993
Ann Arbor (Mich.), Mrs. Joseph Kummer, first vice president, letter dated June 20, 1968, to Chairman Mills.....	995
Beverly Hills (Calif.), Mrs. Bruce Rabin, president, letter dated June 18, 1968, to Chairman Mills.....	990
Broome County (N.Y.), Mrs. Alfred B. Carlip, chairman, foreign policy committee, letter dated June 28, 1968, to Chairman Mills.....	998
Cincinnati (Ohio), telegram dated June 1, 1968, to Chairman Mills.....	999
Columbia-Boone County (Mo.), Mrs. James W. Mackenzie, president, letter dated June 24, 1968, to Chairman Mills.....	997
De Kalb County (Ga.), Mrs. T. Emory Daniel, president, letter dated July 8, 1968, to Chairman Mills.....	992
Falmouth (Mass.), Dorothy Parshley Hahn, chairman, foreign economic policy, and Mrs. Dewitt C. Jones III, president, letter dated July 1, 1968, to Chairman Mills.....	994
Glen Ellyn (Ill.), Mrs. Howard Hansen, president, letter dated June 19, 1968, to Chairman Mills.....	992
Great Neck (N.Y.), Mrs. Max Chernoff, president, letter dated June 24, 1968, to Chairman Mills.....	998
Greater Lafayette (Ind.), Mrs. Ralph Webb, president, letter dated June 27, 1968, to Chairman Mills.....	994
Greater Toledo (Ohio), Mrs. Robert F. Jackson, president, letter dated June 27, 1968, to Chairman Mills.....	999
Hamden (Conn.), Mrs. Bruce Detmers, president, letter dated June 24, 1968, to Chairman Mills.....	991
Indiana, Mrs. Robert S. Richey, president, letter dated July 1, 1968, to Chairman Mills.....	993
Long Beach (Calif.), Mrs. Marvin Tincer, president, letter dated June 24, 1968, to Chairman Mills.....	990
Los Gatos-Saratoga (Calif.), Mrs. Harold Martin, president, letter dated June 20, 1968, to Chairman Mills.....	991
Metropolitan Dade County (Fla.), Mrs. Robert T. Phillips, president, letter dated June 24, 1968, to Chairman Mills.....	991
Michigan, Mrs. Margaret Foerch, president, letter dated June 28, 1968, to Chairman Mills.....	996
Midland County (Tex.), Mrs. J. R. Sheeler, president, and Mrs. W. M. Raimier, foreign policy committee, letter dated June 26, 1968, to Chairman Mills.....	1000
New Berlin (Wis.), Mrs. Jack Prochnow, president, letter dated June 22, 1968, to Chairman Mills.....	1000
New Brighton (Minn.), Mrs. Paul A. Moore, Jr., president, letter dated June 20, 1968, to Chairman Mills.....	996
Oklahoma, Jean Thomas, State president, letter dated June 20, 1968, to Chairman Mills.....	999
Princeton Community (N.J.), Claire Beskind, president, letter dated June 20, 1968, to Chairman Mills.....	997
Reading (Mass.), Mrs. Lawrence Blood, president, letter dated June 25, 1968, to Chairman Mills.....	994
Sheboygan (Wis.), Mrs. Alfred Grube, president, letter dated June 27, 1968, to Chairman Mills.....	1001
Williamstown (Mass.), Anne F. Skinner, foreign policy chairman, letter dated June 27, 1968, to Chairman Mills.....	995
Winter Park-Orlando (Fla.), Mrs. Robert M. Carson, president, letter dated June 26, 1968, to Chairman Mills.....	992

Lear Siegler, Inc., John G. Brook, chairman, telegram dated July 12, 1968, to Chairman Mills-----	Page 3633
Leboeuf, Leonard E., treasurer and general counsel, Stevens Linen Associates, Inc., statement-----	2726
Lemke, B. L., & Co., Inc., Joseph J. Franko, treasurer, statement-----	4626
Levi, Archie B., president, et al., Oil, Chemical & Atomic Workers International Union, letter dated June 27, 1968, to Chairman Mills-----	4764
Levy, M. Barry, counsel, Toy Manufacturers of America, Inc., statement-----	3168
Lewis, Joseph H., president, local 12457, District 50, United Mine Workers of America, letter dated July 5, 1968, to J. W. Martin, Jr., chief counsel, Committee on Ways and Means-----	4808
Lichtblau, John H., director of research, Petroleum Industry Research Foundation, Inc., letter dated July 2, 1968, to Ways and Means Committee, with attachment-----	4388
Liebenow, Robert C., president, Corn Refiners Association, Inc., statement-----	5093
Lightweight Aggregate Producers Association, the Expanded Shale, Clay & Slate Institute, and the National Slag Association, statement-----	3813
Lindholm, Richard W., professor of finance and dean of the Graduate School of Management and Business, University of Oregon-----	1706
Linen Thread Co., Howard Johnson, sales manager, statement-----	2620
Locke, Edwin A., Jr., president, American Paper Institute, Inc., statement-----	4460
Lockheed Aircraft Corp., D. J. Houghton, chairman of the board, telegram dated July 11, 1968, to Chairman Mills-----	3633
Long Island Association of Commerce & Industry, and World Trade Club of Long Island, Fred E. Merrell, secretary, letter dated June 26, 1968, to Committee on Ways and Means, with position paper attached-----	1789
Louisiana, State of, Hon. John J. McKeithen, Governor, statement-----	4207
Loxgreen Co., J. W. Parrish, president, telegram dated July 8, 1968, to Chairman Mills-----	3376
Lucht, R. A., president, Harshaw Chemical Co., letter dated May 31, 1968, to Chairman Mills-----	4800
Luggage & Leather Goods Manufacturers of America, Inc., Jack Citronbaum, executive vice president, statement-----	4131
Lukens Steel Co., Charles Lukens Huston, Jr., president, letter dated June 24, 1968, to Chairman Mills-----	2257
McCauley, Alfred R., special counsel to consumer products division, Electronic Industries Association, letter dated June 27, 1968, to John M. Martin, Esq., chief counsel, Committee on Ways and Means, forwarding memorandum of the Magnavox Co. on color television picture tubes---	3496
McClory, Hon. Robert, a Representative in Congress from the State of Illinois, statement-----	4011
McClure, Hon. James A., a Representative in Congress from the State of Idaho, letter dated June 3, 1968, to Chairman Mills, forwarding letter from Mrs. George L. Hays, president, Idaho Cow Belles, and statement from George L. Hays, Mission Creek Angus Ranch-----	3335
McColly, Don W., president, and Jefferson E. Peyser, general counsel, Wine Institute, statement-----	2803
McDonald, D. L., president, West Central Texas Oil & Gas Association, statement-----	4205
McDonnell Douglas Corp., John R. Allen, vice president, eastern region, letter dated July 16, 1968, to Chairman Mills-----	2798
McKeithen, Hon. John J., Governor, State of Louisiana, statement-----	4207
McMillan, C. W., executive vice president, American National Cattle-men's Association, letter dated July 9, 1968, to Chairman Mills, re explanation of the proposed amendments to the Meat Import Act of 1964-----	3211
Mackenzie, Mrs. James W., president, League of Women Voters of Columbia-Boone County (Mo.), letter dated June 24, 1968, to Chairman Mills-----	997
MacRae, John S., & Co., John S. MacRae, letter dated June 6, 1968, to Chairman Mills-----	2728
M. & R. Refractory Metals, Inc., R. S. Wood, vice president, telegram dated July 11, 1968, to Hon. Florence P. Dwyer, a Representative in Congress from the State of New Jersey, with covering letter-----	2347

Magnavox Co., memorandum of the, on color television picture tubes, letter dated June 27, 1968, to John M. Martin, Esq., chief counsel, Committee on Ways and Means, from Alfred R. McCauley, special counsel to consumer products division, Electronic Industries Association, forwarding memorandum.....	Page 3496
Magnavox Consumer Electronics Co., George H. Fezell, president, telegram dated July 10, 1968, to Chairman Mills.....	3633
Magruder Color Co., Inc., John A. Howard, vice president and general manager, letter dated June 24, 1968, to John M. Martin, Jr., chief counsel, Committee on Ways and Means.....	4801
Maine, State of, Department of Sea and Shore Fisheries, Ronald W. Green, commissioner, statement.....	3445
Manke, Margaret, secretary, American Scotch Highland Breeders' Association, letter dated June 29, 1968, to Chairman Mills.....	3331
Mantle & Costume Manufacturers' Export Group of London, England, statement, with forwarding letter from Department of State.....	2739
Marienthal, R. L., manager of chemical sales, Hilton-Davis Chemical Co., letter dated June 21, 1968, to Committee on Ways and Means.....	4801
Marks Specialties, Inc., Harry L. Marks, president, statement.....	3069
Marshall, Vice Adm. Wm. J., U.S. Navy (retired), president, Bourbon Institute, statement.....	2799
Martin, Edmund F., chairman, Bethlehem Steel Corp., letter dated June 17, 1968, to Chairman Mills.....	1926
Martin, Mrs. Harold, president, League of Women Voters of Los Gatos-Saratoga (Calif.), letter dated June 20, 1968, to Chairman Mills.....	991
Massachusetts, Commonwealth of: Caggiano, G. Robert, director, Bureau of International Trade, Department of Commerce and Development, statement.....	1065
Governor's Advisory Committee for the Shoe and Leather Industry, resolution.....	4063
Mathias, Hon. Charles McC., Jr., a Representative in Congress from the State of Maryland, letter dated June 20, 1968, to Chairman Mills.....	4889
May, Hon. R. J., secretary, Rubber and Plastics Footwear Manufacturers Association, Liverpool, England, with forwarding letter from the U.S. State Department.....	4174
Meat-O-Mat, Inc., N. Friedson, letter dated June 12, 1968, to John M. Martin, Jr., chief counsel, Ways and Means Committee.....	3344
Mendocino County (Calif.) Farm Bureau, Mayme Williams, secretary, letter dated June 19, 1968, to Chairman Mills.....	3334
Mercker, Albert E., executive secretary, Vegetable Growers Association of America, statement.....	5086
Merrell, Fred E., secretary, Long Island Association of Commerce & Industry, and World Trade Club of Long Island, letter dated June 26, 1968, to Committee on Ways and Means, with position paper attached.....	1789
Meyer, E. R., Kinkead Industries, Inc., letter dated July 1, 1968, to Chairman Mills.....	3376
Meyer, J. Mason, executive secretary, American Hardboard Association, statement.....	4468
Midcontinent Farmers Association and Missouri Farmers Association, Inc., Fred V. Heinkel, president, statement.....	1310
Miller, G. W., chairman of the board, Battenfeld Grease & Oil Corp. of New York, statement, with forwarding letter from Hon. Henry P. Smith III, a Representative in Congress from the State of New York.....	4422
Miller, Henry E., National Retail Merchants Association, letter dated July 12, 1968, to John M. Martin, Jr., from John C. Hazen, vice president—Government, re exports of textiles and textile products.....	805
Mink, Hon. Patsy T., a Representative in Congress from the State of Hawaii, letter dated June 20, 1968, to Chairman Mills forwarding material from the Hawaii Cattlemen's Council.....	3308
Miracle, Ralph, secretary, Montana Stockgrowers Association, Inc., letter dated June 5, 1968, to Chairman Mills.....	3320
Mission Creek Angus Ranch, George L. Hays, statement, with covering letter from Hon. James A. McClure, a Representative in Congress from the State of Idaho.....	3335
Missouri Farmers Association, Inc., and Midcontinent Farmers Association, Fred V. Heinkel, president.....	1310

	Page
Mississippi Cattlemen's Association, statement.....	3318
Mitchell, O. J., Jr., vice president, Union Steel Chest Corp., letter dated June 4, 1968, to Chairman Mills.....	2258
Mitchell, Walter L., president, International Chemical Workers Union, statement.....	4804
Modesto, Octavio A., general manager, Seafood Producers Association, letter dated May 31, 1968, to Chairman Mills.....	3443
Mogle, J. A., chairman, foreign trade committee, Fine and Specialty Wire Manufacturers' Association, statement.....	2275
Moiola Bros., Lawrence Moiola, partner, letter dated May 22, 1968, to Chairman Mills.....	3336
Monkman, James W. L., vice president, Crompton & Knowles Corp., statement.....	4798
Montana Stockgrowers Association, Inc., Ralph Miracle, secretary, letter dated June 5, 1968, to Chairman Mills.....	3320
Moore, Hon. Dan K., Governor of North Carolina, statement.....	2624
Moore, Mrs. Paul A., Jr., president, League of Women Voters of New Brighton (Minn.), letter dated June 20, 1968, to Chairman Mills.....	996
Moore, Wm. H., staff vice president, Government products division, Electronic Industries Association, letter dated July 12, 1968, to Chairman Mills.....	3507
Moran, C. C., president, Cupples Products Division, H. H. Robertson Co., telegram dated July 3, 1968, to Chairman Mills.....	3376
Moss, Aubrey L., president, American Metal Importers Association, Inc., letter dated July 1, 1968, to Committee on Ways and Means.....	3377
Motorola, Inc., Robert W. Galvin, telegram dated July 12, 1968, to Chairman Mills.....	3634
Mundt, John C. (See Cement Industry Antidumping Committee.)	
Murphy Oil Corp., C. H. Murphy, Jr., president, statement.....	4405
Murray, John E., Jr., vice president, Nicholson & Co., Inc., letter dated June 24, 1968, to John M. Martin, Jr., chief counsel, Committee on Ways and Means.....	5095
Myers, A. Nelson, vice president, marketing, Texas Gulf Sulphur, Co., letter dated July 9, 1968, to Chairman Mills.....	2348
Myers, John M., president, Independent Oil Heat Dealers Association of Maryland, and Fuel Oil Council of Maryland, Jay D. Kline, president, letter dated July 5, 1968, to Chairman Mills.....	4420
Nast, Thomas D., president, All-State Welding Alloys Co., Inc., letter dated July 3, 1968, to Chairman Mills.....	3374
Nation-Wide Committee on Import-Export Policy, O. R. Strackbein, chairman:	
Cost of becoming competitive in ocean shipping.....	933
Countervailing duty provision, information on.....	919
Letter dated June 18, 1968, to Hon. Herman T. Schneebeli re U.S. treatment of imports.....	926
Nontariff trade barriers.....	929
Price of becoming competitive in steel.....	947
Trends in prices on commodities subject to import quotas.....	918
National Association of Alcoholic Beverage Importers, Inc., John F. O'Connell, president, statement.....	2814
National Association of Glove Manufacturers, E. Greenaway, secretary, letter dated May 28, 1968, to Chairman Mills, with forwarding letter from the Department of State.....	2742
National Association of Manufacturers, statement.....	1723
National Association of Secondary Material Industries, Inc., Harold Kurtin, president, letter dated July 10, 1968, to Chairman Mills.....	2627
National Coal Association, Stephen F. Dunn, president, statement.....	4423
National Consumers League, Dr. Persia Campbell, statement.....	870
National Council of Farmer Cooperatives, Robert N. Hampton, director of marketing and international trade, letter dated July 12, 1968, to Chairman Mills.....	1735
National Council of Jewish Women, Inc., statement.....	1826
National Customs Brokers & Forwarders Association of America, Inc., John G. Eberlein, chairman, drawback committee, pamphlet entitled "What Is Customs Drawback?".....	1024

National Farmers Union, Reuben L. Johnson, director, legislative services: Statement of Farmers Union adopted by delegates at the convention in Minneapolis.....	Page 790
Statement by Reuben L. Johnson to the conference on trade policy sponsored by the coordinating council of organizations on international trade policy at the Sheraton Park Hotel, Washington, D.C.	790
National Federation of Independent Business, George S. Bullen, legislative director, statement.....	1730
National Footwear Manufacturers Association: Nonrubber footwear: Tariff and trade regulations (U.S. Department of Commerce, Business and Defense Services Administration).....	4093
Richardson, Mark E., president, telegram dated June 13, 1968, to Hon. Dean Rusk, Secretary of State.....	2624
National Grange: Graham, Harry L., legislative representative, excerpt from European Economic Commission report on the economic situation of the milk and milk products sector in the Community.....	782
Newson, Herschel D., master, U.S. agricultural exports to the European Economic Community: value by commodity.....	781
National Handbag Association, Steven J. Weiss, counsel, statement.....	4134
National Oil Jobbers Council, Wilfred H. Hall, executive vice president, statement.....	4366
National Piano Manufacturers Association, Perry S. Patterson, counsel, statement.....	3159
National Restaurant Association, Ira H. Nunn, counsel, statement.....	3337
National Retail Merchants Association, Henry E. Miller, letter dated July 12, 1968, to John M. Martin, Jr., from John C. Hazen, vice president, government, re exports of textiles and textile products.....	805
National Slag Association, the Expanded Shale, Clay & Slate Institute, and the Lightweight Aggregate Producers Association, statement.....	3813
National-Standard Co., Ernest U. Lang, chief engineer, statement.....	1824
Nebraska Stock Growers Association, E. H. Shoemaker, Jr., president, letter dated May 25, 1968, to Chairman Mills.....	3320
Netherlands Chamber of Commerce in the United States, Inc., Henry J. Clay, letter dated June 25, to Hon. John W. Byrnes, re quantitative restrictions.....	1594
Nevada State Cattle Association, Leslie J. Stewart, president, letter to Chairman Mills.....	3321
New Mexico Cattle Growers' Association, W. O. Culbertson, Jr., president, statement.....	3322
New Zealand Dairy Board, statement, with forwarding letter from the State Department.....	4890
New Zealand Meat Producers Board, statement, with forwarding letter from the State Department.....	3304
Newark, N. J., Mayor Hugh J. Addonizio, statement.....	1473
Newsom, Herschel D. (See National Grange.)	
Nicholson & Co., Inc., John E. Murray, Jr., vice president, letter dated June 24, 1968, to John M. Martin, Jr., chief counsel, Committee on Ways and Means.....	5095
North Carolina, Governor of, Hon. Dan K. Moore, statement.....	2624
North Dakota Stockmen's Association, Raymond Schnell, president, statement.....	3325
Norwegian-American Chamber of Commerce, Inc., Danish American Trade Council, Inc., Finnish American Chamber of Commerce, Inc., and Swedish Chamber of Commerce of the United States, Inc., statement.....	1775
Nunn, Ira H., counsel, National Restaurant Association, statement.....	3337
Nyanza, Inc., Roland E. Derby, Jr., president, letter dated June 17, 1968, to Chairman Mills.....	4802
O'Brien, Gerald, executive vice president, American Importers Association, statement on U.S. foreign trade policy before Trade Information Committee of Office of President's Special Representative for Trade Negotiations—May 20, 1968.....	841
Ocean Freight Consultants, Inc., Fred S. Haber, president, statement.....	1801
Ocoma Foods Co., Harold J. Wendt, vice president, production, letter dated May 31, 1968, to Chairman Mills.....	3344
O'Connell, John F., president, National Association of Alcoholic Beverage Importers, Inc., statement.....	2814

XXXVII

O'Connor, J. M., executive vice president, Peerless of America, Inc., letter dated July 1, 1968, to Chairman Mills	Page 3376
Odian, Bedros, attorney, Buffalo, N. Y., letter dated May 15, 1968, to John M. Martin, Jr., chief counsel, Committee on Ways and Means	5098
Oesterle, Father John, Church of St. Teresa, Munhall, Pa., letter dated June 3, 1968, to Ways and Means Committee	5096
Ohio Cattle Feeders Association, Russell Forsythe, president, and James H. Warner, secretary, letter dated June 17, 1968, to Chairman Mills, with attachment	3326
Ohio Oil & Gas Association, David H. Bell, president, letter dated May 27, 1968, to Committee on Ways and Means	4392
Oil, Chemical & Atomic Workers International Union:	
Levi, Archie B., president, et al., letter dated June 27, 1968, to Chairman Mills	4764
Riker, Raymond, president, local 8-95, letter dated July 3, 1968, to John M. Martin, Jr., chief counsel	4807
Oklahoma Cattlemen's Association, Wray Finney, president, letter dated May 28, 1968, to Chairman Mills	3327
Optical Importers Association of the United States, Inc., Julius Simon, president, statement	3135
Orban, Kurt. (See American Institute for Imported Steel, Inc.)	
Oregon, Otter Trawl Commission of, Dr. E. W. Harvey, administrator, statement	3450
Ornitz, Martin N., president, Roblin Steel Co., letter dated June 24, 1968, to Chairman Mills, with covering letter from Hon. Henry P. Smith, a Representative in Congress from the State of New York	2257
Orr, Robert M., president, and Ed Thompson, executive vice president, Permian Basin Petroleum Association, statement	4281
Otter Trawl Commission of Oregon, Dr. E. W. Harvey, administrator, statement	3450
Overton, J. Allen, Jr. (See American Mining Congress.)	
Pacific American Steamship Association, statement	1790
Parker, H. R., secretary, Candle Manufacturers Association, letter dated June 25, 1968, to Chairman Mills	3170
Parrish, J. W., president, Loxgreen Co., telegram dated July 8, 1968, to Chairman Mills	3376
Patterson, Huberta M., secretary, West Virginia League, in behalf of West Virginia, Pennsylvania, Ohio, and Indiana Glass Workers' Protective Leagues, statement	3826
Patterson, Perry S., counsel, National Piano Manufacturers Association, statement	3159
Patton, Thomas F. (See American Iron & Steel Institute.)	
Peerless of America, Inc., J. M. O'Connor, executive vice president, letter dated July 1, 1968, to Chairman Mills	3376
Perkel, George, director of research, Textile Workers Union of America, AFL-CIO, statement	2630
Perkins, Hon. Carl D., a Representative in Congress from the State of Kentucky, letter dated June 17, 1968, to Chairman Mills	4889
Permian Basin Petroleum Association, Robert M. Orr, president, and Ed Thompson, executive vice president, statement	4281
Peters, J. S., manager, membership & industry relations, Florida Fruit & Vegetable Association, letter dated July 29, 1968, to Congressman Thomas B. Curtis, re domestic market for fruits and vegetables	4978
Petroleum Industry Research Foundation, Inc., John H. Lichtblau, director of research, letter dated July 2, 1968, to Ways and Means Committee, with attachment	4388
Peyser, Jefferson E., general counsel, and Don W. McColly, president, Wine Institute, statement	2803
Phillips, Mrs. Robert T., president, League of Women Voters of Metropolitan Dade County (Fla.), letter dated June 24, 1968, to Chairman Mills	991
Picard, Raymond J., president, French Chamber of Commerce in the United States, Inc., statement	1773
Piering, David P., president, Diversified Wire & Steel Corp., telegram, dated June 14, 1968, to Chairman Mills	2202
Polan, Katz & Co., Inc., Lawrence R. Katz, letter dated July 9, 1968, to Chairman Mills	3157

XXXVIII

Precision Drawn Steel Co., L. G. Brown, president, letter dated June 4, 1968, to Chairman Mills, with attachment.....	Page 2273
Premier Santa Gertrudis Association, M. Allen Anderson, president, resolution, dated May 26, 1968, with covering letter from Hon. Roman L. Hruska, a U.S. Senator from the State of Nebraska.....	3333
Price, J. Raymond, executive secretary of Glass Crafts of America, on behalf of the American Hand-Made Glassware Industry, statement....	3819
Prochnow, Mrs. Jack, president, League of Women Voters of New Berlin (Wis.), letter dated June 22, 1968, to Chairman Mills.....	1000
Public Lands Council, Joseph H. Tudor, general counsel, letter dated May 27, 1968, to Chairman Mills.....	3333
Purcell, Robert, Emergency Committee for American Trade, a critique of the Trade Relations Council's analysis of certain 1958/1960-1964 declines in employment.....	1352
Rabin, Mrs. Bruce, president, League of Women Voters of Beverly Hills (Calif.), letter dated June 18, 1968, to Chairman Mills.....	990
Raimer, Mrs. W. M., foreign policy committee, League of Women Voters of Midland County, Tex., letter dated June 26, 1968, to Chairman Mills..	1000
Rampton, Hon. Calvin L., Governor of the State of Utah, statement....	4059
Randall, Frank L., Jr., president, Amperex Electronic Corp., statement..	3505
Rapaport, Arthur, Jardox Fur Co., letter dated July 10, 1968, to Chairman Mills.....	4063
Raytheon Co., Charles F. Adams, chairman of the board, telegram dated July 12, 1968, to Chairman Mills.....	3634
Reuther, Walter P., president, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW), statement.....	1755
Richardson, Mark E., president, National Footwear Manufacturers Association, telegram dated June 13, 1968, to Hon. Dean Rusk, Secretary of State.....	2624
Richey, Mrs. Robert S., president, League of Women Voters of Indiana, letter dated July 1, 1968, to Chairman Mills.....	993
Riker, Raymond, president local 8-95, Oil, Chemical and Atomic Workers International Union, letter dated July 3, 1968, to John M. Martin, Jr., chief counsel.....	4807
Roach, T. L., Jr., president, Texas and Southwestern Cattle Raisers Association, letter dated May 28, 1968, to Chairman Mills, with attachment.....	3327
Rogers, Hon. Paul G., a Representative in Congress from the State of Florida, statement.....	4980
Robertson, H. H., Co., C. C. Moran, president, Cupples Products Division, telegram dated July 3, 1968, to Chairman Mills.....	3376
Robie, Merle S., chairman, executive committee, Cordage Institute, statement.....	2372
Roblin Steel Co., Martin N. Ornitz, president, letter dated June 24, 1968, to Chairman Mills, with covering letter from Hon. Henry P. Smith, a Representative in Congress from the State of New York.....	2257
Rostov, Charles I., floor covering group, American Import Association, statement.....	2603, 2618
Rott, Dr. Ernst, executive secretary, United States Austrian Chamber of Commerce, Inc., letter dated May 29, 1968, to John M. Martin, Jr., chief counsel, Committee on Ways and Means, with memorandum attached.....	1771
Rowley, E. M., president, International House, letter dated July 10, 1968, to Chairman Mills, with resolution attached.....	1786
Rubber & Plastics Footwear Manufacturers Association, Liverpool, England, R. J. May, Hon. secretary, with forwarding letter from the U.S. State Department.....	4174
Rubin, Allan A., vice president and counsel, and John T. Latella, associate counsel, United States Brewers Association, statement.....	2826
Rusmisse, Deane E., president, Work Glove Manufacturers Association, Inc., statement.....	2723
Sanders, C. T. "Tad," general manager, Certified Livestock Markets Association, letter dated July 3, 1968, to Chairman Mills.....	3332
Sanz de Santamaria, Carlos, chairman, Inter-American Committee on the Alliance for Progress (CIAP), statement, with covering letter from State Department to Chairman Mills.....	1713

Schmidt, Donald R., president, South Dakota Beekeepers Association, telegram dated June 22, 1968, to Chairman Mills.....	Page 3470
Schnell, Raymond, president, North Dakota Stockmen's Association, statement.....	3325
Schwenger, Robert B., supplemental statement.....	1680
Scott, Hon. William Lloyd, a Representative in Congress from the State of Virginia, letter dated July 1, 1968, to Chairman Mills.....	4888
Seafood Producers Association, Octavio A. Modesto, general manager, letter dated May 31, 1968, to Chairman Mills.....	3443
Seawell, Malcolm B., executive secretary and general counsel, Leaf Tobacco Exporters Association, Inc., statement.....	1429
Sebastinas, A., president, International Union of District 50, United Mine Workers of America, Local 15143, letter dated June 14, 1968, to John M. Martin, Jr., chief counsel, Committee on Ways and Means....	4807
Segall, Irving, New York, N.Y., letter dated July 11, 1968, to Chairman Mills.....	4062
Service Tools Institute, George P. Byrne, Jr., secretary and legal counsel, statement.....	3046
Sharp, W. Parker, Pittsburgh, Pa., letter dated June 18, 1968, to Chairman Mills.....	2265
Shaw, Arnold H., counsel, Warehousemen's Association of the Port of New York, Inc., letter dated June 18, 1968, to Chairman Mills.....	1801
Shearer, Wendell B., president, Vinyl Maid, Inc., letter dated June 17, 1968, to Chairman Mills.....	5092
Sheeler, Mrs. J. R., president, League of Women Voters of Midland County (Tex.), letter dated June 26, 1968, to Chairman Mills.....	1000
Shears, Scissors & Manicure Implement Manufacturers Association, B. C. Deuschle, president, statement.....	3063
Sherwin-Williams Co., G. L. Tickner, eastern manager, pigment, color and chemical department, statement.....	4667
Shirt, Collar & Tie Manufacturers' Federation, and Clothing Manufacturers' Federation of Great Britain, statement, with forwarding letter from the Department of State.....	2736
Shoemaker, E. H., Jr., president, Nebraska Stock Growers Association, letter dated May 25, 1968, to Chairman Mills.....	3320
Simon, Julius, president, Optical Importers Association of the United States, Inc., statement.....	3135
Sinkler, Arthur B., chairman of the board, Hamilton Watch Co., letter dated July 12, 1968, to Chairman Mills.....	3741
Skinner, Anne F., foreign policy chairman, League of Women Voters of Williamstown (Mass.), letter dated June 27, 1968, to Chairman Mills....	995
Slesinger, Reuben E., associate dean, professor of economics, division of the social sciences, University of Pittsburgh, letter dated June 25, 1968, to Chairman Mills, with article attached entitled "Steel Imports and Vertical Oligopoly Power: Comment".....	2265
Smith, Marshall M., Greater Fort Lauderdale (Fla.) Chamber of Commerce, letter dated July 3, 1968, to Committee on Ways and Means....	1785
Smith, Stanford, general manager, American Newspaper Publishers Association, statement.....	4465
Smith, T. William C., president, American Pipe Fittings Association, letter dated June 20, 1968, to Chairman Mills.....	2259
Smithfield Packing Co., Inc., G. R. Crawford, executive vice president, letter dated June 10, 1968, to John M. Martin, Jr., chief counsel, Committee on Ways and Means.....	3343
Snow & Co., H. R. Snow, letter dated June 6, 1968, to Chairman Mills....	3334
Socket Screw Products Bureau, et al., George P. Byrne, Jr., secretary and legal counsel, statement.....	3027
Sommer, Walton B., president and chairman of the board, Keystone Steel & Wire Co., letter dated June 10, 1968, to Chairman Mills, with statement attached.....	1927
South Dakota Beekeepers Association, Donald R. Schmidt, president, telegram dated June 22, 1968, to Chairman Mills.....	3470
Southern California Edison Co., statement.....	4417
Specialty Crops Conference, Robert M. Kerr, attorney, statement.....	5049
Sporting Arms & Ammunition Manufacturers' Institute, Robert C. Zimmer, counsel, statement.....	3081

Starr, Wayne R., president, Citizens State Bank & Trust Co., letter dated June 20, 1968, to Chairman Mills.....	Page 1824
Standard Oil Company of California, statement.....	4408
Steelworkers of America, Local No. 3256, Arvo E. Sundberg, statement.....	2248
Stenning, W. W., North American representative, Australian Meat Board, statement, with forwarding letter from the State Department.....	3301
Stephens, Hon. Robert G., Jr., a Representative in Congress from the State of Georgia.....	4886
Stevens Linen Associates, Inc., Leonard E. Leboeuf, treasurer and general counsel, statement.....	2726
Stewart, Eugene L., counsel, Parts and Distributor Products Divisions, Electronic Industries Association and American Loudspeaker Manufacturers Association, letter dated July 3, 1968, to Hon. Jackson E. Betts, a Representative in Congress from the State of Ohio, re Far East comparative wages.....	3630
Stewart, Leslie J., president, Nevada State Cattle Association, letter to Chairman Mills.....	3321
Strackbein, O. R. (See Nation-Wide Committee on Import-Export Policy.)	
Strate, Martin F., executive secretary, Virginia Beef Cattle Association, letter dated May 24, 1968, to Chairman Mills.....	3329
Stybr, L. E., executive director, J. E. Cooper, president, and R. E. Lambert, chairman, committee on Government relations, American Sprocket Chair Manufacturers Association, statement.....	3039
Sundberg, Arvo E., representing the city of Conneaut, Ohio and Local No. 3256, AFL-CIO, Steelworkers of America, statement.....	2248
Swedish Chamber of Commerce of the United States, Inc., Danish American Trade Council Inc., Finnish American Chamber of Commerce, Inc., and Norwegian-American Chamber of Commerce, Inc., statement.....	1775
Swiss Union of Commerce and Industry, Michael P. Daniels, counsel, statement, with covering letter from State Department.....	4771
Synthetic Organic Chemical Manufacturers Association (SOCMA), memorandum concerning testimony given in support of the "separate" package agreement.....	4760
Tanaka, H. William, counsel, on behalf of certain importers of electronic products, A. & A. Trading Co., et al., statement.....	3654
Tapping Screw Service Bureau, et al., George P. Byrne, Jr., secretary and legal counsel, statement.....	3027
Tatem Manufacturing Co., Inc., Stewart M. Tatem, statement.....	4481
Teague, Randal Cornell, director of regional and State activities, Young Americans for Freedom, Inc., statement.....	4909
Tektronix, Inc., Don A. Ellis, treasurer, statement.....	3704
Tennant, C., Sons & Co., Aubrey Fletcher, executive vice president, letter dated June 21, 1968, to Chairman Mills, re statistics on lead and zinc.....	2318
Tenneco Chemicals, Inc., Leon W. Gerst, president, Tenneco colors division, statement.....	4780
Teper, Lazare, director of research, International Ladies' Garment Workers' Union, AFL-CIO, and Milton Fried, director of research, Amalgamated Clothing Workers of America, AFL-CIO, letter dated June 14, 1968, to Chairman Mills.....	2641
Texaco Inc., statement.....	4409
Texas Citrus Mutual, William W. Curl, president, statement.....	5083
Texas Farm Bureau, M. F. Frost, vice president, statement.....	5081
Texas Gulf Sulphur Co., A. Nelson Myers, vice president, marketing, letter dated July 9, 1968, to Chairman Mills.....	2348
Texas Instruments Inc., J. Fred Bucy, group vice president, telegram dated July 11, 1968, to Chairman Mills.....	3634
Texas and Southwestern Cattle Raisers Association, T. L. Roach, Jr., president, letter dated May 28, 1968, to Chairman Mills, with attachment.....	3327
Textile Workers Union of America, AFL-CIO, George Perkel, director of research, statement.....	2630
Thomas, Jean, State president, League of Women Voters of Oklahoma, letter dated June 20, 1968, to Chairman Mills.....	999
Thompson, Ed., executive vice president, and Robert M. Orr, president, Permian Basin Petroleum Association, statement.....	4281

Tickner, G. L., eastern manager, pigment, color and chemical department, Sherwin-Williams Co., statement.....	Page 4667
Tincher, Mrs. Marvin, president, League of Women Voters of Long Beach (Calif.), letter dated June 24, 1968, to Chairman Mills.....	990
Tool and Stainless Steel Industry Committee, statement.....	1929
Toy Manufacturers of America, Inc., M. Barry Levy, counsel, statement.....	3168
Trueblood, R. W., president, Belridge Oil Co., statement.....	4269
Trugman-Nash, Inc., Bernard A. Trugman, statement.....	4894
Tubular and Split Rivet Council, et al., George P. Byrne, Jr., secretary and legal counsel, statement.....	3027
Tudor, Joseph H., general counsel, Public Lands Council, letter dated May 27, 1968, to Chairman Mills.....	3333
United Automobile, Aerospace, and Agricultural Implement Workers of America (UAW), Walter P. Reuther, president, statement.....	1755
Union Steel Chest Corp., O. J. Mitchell, Jr., vice president, letter dated June 4, 1968, to Chairman Mills.....	2258
United Mine Workers of America, District 50. (See Glenndenning, Howard A.; Kaminski, Jerome; Kennedy, Edward E.; Lewis, Joseph H.; Sebastianas, A.; and Del Signore, M.)	
United Rubber, Cork, Linoleum, and Plastic Workers of America, AFL-CIO, Peter Bommarito, president, statement.....	4180
United Textile Workers of America, AFL-CIO, George Baldanzi, international president, statement.....	2628
U.S. Austrian Chamber of Commerce, Inc., Dr. Ernst Rott, executive secretary, letter dated May 29, 1968, to John M. Martin, Jr., chief counsel, Committee on Ways and Means, with memorandum attached.....	1771
U.S. Brewers Association, Allan A. Rubin, vice president and counsel, and John T. Latella, associate counsel, statement.....	2826
U.S. Cap Screw Service Bureau, et al., George P. Byrne, Jr., secretary and legal counsel, statement.....	3027
U.S. Dry Pea and Lentil Industry, statement.....	5087
U.S. Extrusions Corp., Emil H. Buckner, secretary-treasurer, letter dated June 27, 1968, to Chairman Mills.....	3377
U.S. Machine Screw Service Bureau, et al., George P. Byrne, Jr., secretary and legal counsel, statement.....	3027
U.S. Wood Screw Service Bureau, et al., George P. Byrne, Jr., secretary and legal counsel, statement.....	3027
Utah, State of, Hon. Calvin L. Rampton, Governor, statement.....	4059
Utsey, James, president, Alabama Garment Manufacturers Association, letter dated June 18, 1968, to Chairman Mills, with resolution attached and with covering letter from Hon. Bill Nichols, a Representative in Congress from the State of Alabama.....	2626
Vail, George R., vice president and director, Continental Baking Co., and president, Morton Frozen Foods Division, statement.....	3342
Vander Ende, Gerrit P., San Francisco, Calif., letter dated May 22, 1968, to Chairman Mills.....	5096
Veeder, Nicholas P., chairman of the board and president, Granite City Steel Co., statement.....	2254
Vegetable Growers Association of America, Albert E. Mercker, executive secretary, statement.....	5086
Velfort, T. E., managing director, Copper & Brass Fabricators Council, Inc., letter dated June 19, 1968, to Chairman Mills, with statement attached.....	2325
Verity, C. William, Jr., president, Armco Steel Corp., statement.....	2253
Vinyl Maid, Inc., Wendell B. Shearer, president, letter dated June 17, 1968, to Chairman Mills.....	5092
Virginia Beef Cattle Association, Martin F. Strate, executive secretary, letter dated May 24, 1968, to Chairman Mills.....	3329
Walker, Charls E., executive vice president, American Bankers Association, letter dated June 17, 1968, to Chairman Mills.....	1809
Walker, James L., president, Davis Wire Corp., letter dated July 9, 1968, to Chairman Mills, with attachments.....	2269
Warehousemen's Association of the Port of New York, Inc., Arnold H. Shaw, counsel, letter dated June 18, 1968, to Chairman Mills.....	1801

Warner, James H., secretary, and Russell Forsythe, president, Ohio Cattle Feeders Association, letter dated June 17, 1968, to Chairman Mills, with attachment.....	Page 3326
Washington, State of, Hon. Daniel J. Evans, Governor, letter dated June 7, 1968, to Chairman Mills, with position paper attached.....	1719
Washington Cattle Feeders Association, C. A. Courtright, president, letter dated June 5, 1968, to Chairman Mills.....	3329
Washington Cattlemen's Association, Inc., John Woodard, president, letter dated June 14, 1968, to Ways and Means Committee.....	3330
Washington Steel Corp., T. S. Fitch, president, letter dated June 28, 1968, to Chairman Mills.....	1928
Webb, Mrs. Ralph, president, League of Women Voters of Greater Lafayette (Ind.), letter dated June 27, 1968, to Chairman Mills.....	994
Weiss, Steven J., counsel, National Handbag Association, statement.....	4134
Wendt, Harold J., vice president, production, Ocoma Foods Co., letter dated May 31, 1968, to Chairman Mills.....	3344
West Central Texas Oil & Gas Association, D. L. McDonald, president, statement.....	4205
West Mexico Vegetable Distributors Association, A. B. Conrad, secretary-manager, statement, with forwarding letter from Hon. Morris K. Udall, a Representative in Congress from the State of Arizona.....	5088
Western Dairy Products, Inc., statement.....	4892
Westwood, Richard E., president, EMBA Mink Breeders, Association, statement.....	4014
Wexler, Dr. William A., president, B'nai B'rith, statement.....	1028
Whealy, Roland A., vice president, Ashland Oil & Refining Co., statement.....	4393
Williams, Mayme, secretary, Mendocino County (Calif.) Farm Bureau, letter dated June 19, 1968, to Chairman Mills.....	3334
Williams, Oliver, New York, N.Y., statement.....	5096
Wimmer, Ed, president, Forward America, Inc., radio talk.....	1733
Window Glass Cutters League of America, Harry W. Baughman, Jr., national president, statement.....	3824
Wine Institute, Don W. McColly, president, and Jefferson E. Peyser, general counsel, statement.....	2803
Winn, Hon. Larry, Jr., a Representative in Congress from the State of Kansas, letter dated July 12, 1968, to Chairman Mills.....	3168
Wittig, Harley, past president, EMBA Mink Breeders Association, statement.....	4013
Wolfson, J. Theodore, president, Business Builders International, Inc., article from Wall Street Journal entitled "Steel firms' profits are expected to spurt as outlays begin to pay off, analysts say".....	859
Won Pat, Hon. Antonio B., Territory of Guam, Representative in Washington, statement.....	3740
Wood, R. S., vice president, M. & R. Refractory Metals, Inc., telegram dated July 11, 1968, to Hon. Florence P. Dwyer, a Representative in Congress from the State of New Jersey, with covering letter.....	2347
Woodard, John, president, Washington Cattlemen's Association, Inc., letter dated June 14, 1968, to Ways and Means Committee.....	3330
World Trade Club of Long Island, and Long Island Association of Commerce & Industry, Fred E. Merrell, secretary, letter dated June 26, 1968, to Committee on Ways and Means, with position paper attached.....	1789
Work Glove Manufacturers Association, Inc., Deane E. Rusmisell, president, statement.....	2723
Wright, Ronald, president, Canned Meat Importers Association, statement.....	3338
Wriston, Walter B., president, First National City Bank, letter dated July 12, 1968, to Chairman Mills, with attachment.....	1810
Young Americans for Freedom, Inc., Randal Cornell Teague, director of regional and State activities, statement.....	4909
Zimmer, Robert C., Sporting Arms & Ammunition Manufacturers' Institute, statement.....	3081
Zwach, Hon. John M., a Representative in Congress from the State of Minnesota, statement.....	1494

FOREIGN TRADE AND TARIFF PROPOSALS

WEDNESDAY, JUNE 19, 1968

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, D.C.

The committee met at 10 a.m., pursuant to notice, in the committee room, Longworth House Office Building, Hon. Wilbur D. Mills (chairman of the committee) presiding.

The CHAIRMAN. The committee will please be in order.

Our first witness this morning is our colleague from South Carolina, the Honorable William Jennings Bryan Dorn. Mr. Dorn. Do you want to wait and appear after Mr. Dent of the American Textile Manufacturers Institute?

Mr. DORN. Mr. Chairman, if I may I would like to.

The CHAIRMAN. I had a note that Mr. Stratton is chairing his own committee and will be a little late.

Our first witness then will be the Honorable Philip J. Philbin, our colleague from Massachusetts. Mr. Philbin, we appreciate your being with us this morning and you are recognized.

STATEMENT OF HON. PHILIP J. PHILBIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MASSACHUSETTS

Mr. PHILBIN. Mr. Chairman, I am very glad to join my distinguished colleagues in support of legislation to bring about needed controls on imports affecting the livelihood of American workers. In fact, I have companion bills pending before the committee, including H.R. 10596, the orderly marketing bill; H.R. 11877, to protect our domestic industries; and H.R. 17216, which seeks to limit import expansion to prescribed shares of the U.S. market.

Indeed, it is long past the time that Congress should move effectively to adjust our trade position with other nations. Failure to have done so is one of the principal, contributing causes to the present vexatious, grave dollar trade imbalance which is causing all of us and other nations such deep concern.

The rate of imports coming into this country is staggering and has already sparked our first unfavorable trade balance in many years. If continued, it could result in great injury and harm, and perhaps irreparable damage to prosperous American industries and result in the loss of full employment and prosperity for many faithful working people and bring depressed conditions to many communities throughout the country.

Some fine statements have been made in support of the legislation, which I deeply appreciate, and I do not want to be repetitious or to belabor what has been so well said during these hearings.

However, I want to make it clear that I strongly stand with those who have spoken so impressively on this very important matter, affecting the well-being of our country, the value of the dollar, our trade relations with other nations, the general prosperity of our country, and the prosperity of its people.

We all sincerely seek amicable, friendly relations with other nations of good faith, good will, and honest purpose and we desire to maintain maximum, mutually beneficial trade relations with them.

However, any worthwhile profitable trade must be for mutual and reciprocal benefit. Let us reinstate that kind of trade with other nations. Trade such as we have all too often at present is nothing more than a one-way street. We cannot afford any more unfavorable trade balances. Let us move to produce favorable balances that will close the dollar gap and promote prosperity here and abroad.

I urge you to take favorable action on this legislation.

The CHAIRMAN. We appreciate your bringing to us your thoughts, Mr. Philbin. Are there any questions? If not then our next witness is the Honorable Roy A. Taylor, from the State of North Carolina. You are recognized, sir.

STATEMENT OF HON. ROY A. TAYLOR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. TAYLOR. Mr. Chairman, during the course of these broad trade hearings, your committee has heard extensive testimony regarding the complex problems our country faces in the area of international commerce. It is well that your committee is taking a long, hard look at our trade policies at this point in time, because our trade position is changing and, unfortunately, it is changing for the worst.

The United States can no longer afford to remain on the course it is following. In the period since the end of World War II, this country has looked upon trade as a means of strengthening the economies of friendly nations throughout the world. We have been more than generous in our efforts to help the underdeveloped nations of the world.

The time has come, however, to reappraise our trade posture, and to take a careful look at the needs of our own people as well as those overseas.

No one is suggesting that our foreign trade should be sharply reduced or curtailed. What is needed is an orderly trade policy which will encourage trade with other nations and at the same time prevent serious disruption of domestic industries.

The question of trade in textiles is of particular interest to me as the representative of the 11th District of North Carolina. Textiles play a vital role in the economy of my district and of the entire State of North Carolina. Textiles provide the first and only billion-dollar payroll in the State of North Carolina. In 1966 there were 262,834 persons employed in 1,167 textile plants in my State. Textile employees account for better than 40 percent of the State's entire indus-

trial work force, and the value of North Carolina-produced textiles is estimated at \$5 billion.

In addition to providing a livelihood for more than a quarter of a million people, these textile payrolls bring \$32 million to our State treasury in corporate and individual income taxes.

Because the textile industry is so important to North Carolina, I am greatly alarmed by the continuing rise in imports which is undercutting the very future of this basic American industry.

Since 1960, the dollar value of imports entering this country has nearly doubled, from \$866 million in 1960 to \$1,461 million in 1967. This is potential income which is being taken out of a large section of the country simply because other countries pay wages which would not be legal in this country.

Every year, the American textile industry becomes a better place to work. There have been five wage increases in the last 5 years, and the industry nationally is investing better than \$800 million each year in new plant and equipment in order to try to stay competitive.

But how can this industry be expected to compete with countries such as Japan, Hong Kong, and South Korea, which pay wages of 36 cents, 25 cents, and 8 cents an hour, respectively? The American textile industry, where increases during the past year, amounted to more than the entire hourly wage paid in most of the countries with which the United States is expected to compete.

Mr. Chairman, your committee is investigating the opportunities for greater exports as a means of overcoming some of this Nation's trade problems. When it comes to textiles, there is little hope for significant expansion of exports. In addition to competing with starvation wages, our products are faced with a whole series of quotas, licensing agreements, subsidies, and other nontariff barriers which have virtually closed many of the markets throughout the world to American goods. As a result, we have not had a textile trade surplus since 1957, and last year our deficit amounted to \$766 million.

In spite of the serious nature of the textile import problem, our trade negotiators agreed last year to reduce even further the tariffs on textile imports. They are so low now that they have virtually no restraining effect on imports. During the past few months, I have joined with many of my colleagues in urging the administration to take note of the serious nature of the textile import problem and try to negotiate agreements on levels of imports which would be fair and equitable to all concerned. These appeals have fallen on deaf ears.

The solution to this problem, involving the future of hundreds of thousands of textile workers, lies in approval of my bill H.R. 11880, introduced on July 27, 1967, which currently is pending before your committee. This bill is identical to the one introduced by the distinguished chairman of this committee.

This legislation is infinitely fair and equitable. It will not cut off all imports. It will not result in any serious rollbacks. It will not invite retaliation of pleas for compensation from exporting countries.

This legislation provides for the President to enter into negotiations with exporting countries to work out levels of imports which will prevent further disruption of the domestic textile industry. When market conditions permit, it allows exporters to increase the amount of merchandise they sell in this country in reasonable amounts.

Mr. Chairman, we cannot afford to wait any longer. The future of one of our basic and most essential industries is in jeopardy. I urge this committee to report out the textile import legislation pending before you as soon as possible.

The CHAIRMAN. Thank you, Mr. Taylor, for sharing your views with us. Are there any questions?

Our next witness is the Honorable Spark M. Matsunaga, of Hawaii. You are recognized, sir.

**STATEMENT OF HON. SPARK M. MATSUNAGA, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF HAWAII**

MR. MATSUNAGA. Mr. Chairman and members of the committee, I thank you for this opportunity of appearing before you and expressing my views with respect to one of the most troublesome items in recent times in the field of tariff and trade textile imports. I applaud the members of this committee who effected the deletion in conference of the Senate amendment to the Tax Adjustment Act of 1968 which would have established mandatory import quotas on textiles. I commend the distinguished chairman of this committee, Mr. Mills, for his position statement of May 9, 1968, relative to the textile amendment as printed in the document entitled "Summary of the Decisions of the Conferees on H.R. 15414," and for holding these hearings to "provide us an informed basis for any subsequent legislation in this vitally important field."

Aside from the consideration that an import quota, applied and limited to one industry, textiles, would be demonstrably insupportable at a time when the United States is making serious efforts to expand world trade to reduce our balance-of-payments deficit, it is clear that such a quota would be the forerunner of similar quotas in other areas. Retaliatory trade restrictions by other nations would inevitably follow, and adverse effects upon our own national economy would be the predictable final result. This Nation, as the world's largest exporter, can ill afford to follow such a course.

My interest in the question of the advisability of adopting a textile import quota arises also from the fact that the garment manufacturing industry in Hawaii, although of comparatively recent origin, is a vitally important one in the 50th State. Because of the limitations which Hawaii's insular position and volcanic beginnings have imposed on our ability to produce needed raw materials, Hawaii's garment manufacturers have come to rely heavily on overseas sources of supply of textiles—principally Japan. It is apparent that any restrictions on these textile imports would sound the death knell of this young and growing island industry. We would, of course, like to prevent such an occurrence because the garment industry offers the greatest promise of continuing to add to Hawaii's economic diversification and growth.

Mr. Chairman, Hawaii's Governor, the Honorable John A. Burns, has stated the case for the State's garment industry in an excellent written statement addressed to this committee. I submit it in his behalf, and respectfully request that it be printed in the hearing record immediately following my statement.

Thank you very much.

(The statement referred to follows:)

STATEMENT OF HON. JOHN A. BURNS, GOVERNOR, STATE OF HAWAII

Mr. Chairman, I am in full support of the Administration's recommendation for extending the Trade Expansion Act and its various amendments thereto.

Conversely, it would seem to me very unwise for the United States to adopt new import quotas and other restrictions on trade.

In view of mankind's several thousand years commercial experience, it hardly seems necessary to argue for liberal trade policies among nations. Liberal trade not only increases the economic well-being of all concerned, it increases human freedom and leads to a more secure world.

Conversely, restrictions on trade lead to narrow nationalism, misunderstanding, and military solutions.

America must continue to lead the way toward a freer and more secure world. To accomplish this, we must do all we can to free ourselves and our world neighbors from existing restrictions.

Of more direct concern to Hawaii is the Senate proposal to impose restrictions on textile imports.

As you may know, Hawaii has very few of the material resources on which industrial economies are based. One of our industries, garment making, is now becoming fully established after a long uphill struggle; and it promises to continue to add to Hawaii's economic diversification and employment. We are most anxious that trade restrictions will not challenge the existence of this industry or inhibit its expansion.

Garment manufacturing is a highly competitive industry, and Hawaii's garment manufacturers are already handicapped by distant markets, discriminatory ocean freight rates, high capital costs, and high power costs.

Most of the cloth used in Hawaii's industry is imported—principally from Japan. For the most part, the cloth is printed in the distinctive designs of Hawaii designers, either abroad or in Hawaii. In terms of the national market, the volume of imported cloth used in Hawaii is infinitesimal; but in terms of our local economy, our ability to import this cloth is important indeed.

We would not wish to penalize the industry with arbitrary import restriction on textile imports. Should such restrictions be imposed, we would like to see an exemption for the State of Hawaii, or some other allowance made to protect the continued growth of this industry.

Furthermore, Hawaii is attempting to expand exports to nations in the Pacific and Asia. We are also endeavoring to establish Hawaii as an international center for commerce and trade. These efforts, which show increasing signs of success, will be severely jeopardized should the U.S. impose restrictions on imports in general, and on textile in particular.

The CHAIRMAN. Thank you, Mr. Matsunaga, for your statement and for bringing to us Governor Burns' statement. We will certainly consider them in our deliberations.

Mr. MATSUNAGA. Thank you, Mr. Chairman, for your kind words.

The CHAIRMAN. The Honorable William L. St. Onge, of Connecticut, is our next witness. Welcome sir, you are recognized.

**STATEMENT OF HON. WILLIAM L. ST. ONGE, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF CONNECTICUT**

Mr. ST. ONGE. Mr. Chairman and members of the committee, I appreciate this opportunity to present my views on H.R. 11626, known as the Textile Trade Act.

For the first time in 6 years, we have before us proposed legislation for the institution of a comprehensive program of import regulation. Although this Nation has been moving toward the goal of free trade—and this trend was certainly obvious in the Kennedy round negotiations—recent foreign trade practices have placed our textile industry in an untenable situation.

A 3-year, short-term agreement, which was concluded during the Kennedy round talks and which extended the preceding 5-year, long-term agreement, provides only a moderate protection for domestic cotton. The areas that are particularly suffering from foreign competition, however, are those which are protected by nothing more than limited tariffs. These include the woolen industry and the manmade fiber and apparel industry.

Until the present, tariffs have been sufficient to shield these industries and to stimulate trade simultaneously. But, through export subsidies, border taxes, cartels in restraint of trade, dumping, import quotas, and a number of administrative procedures designed to thwart imported products, foreign textile producers have taken advantage of our liberal trade barriers. To cite a specific instance, manmade fiber and woolen imports have increased 256 percent in the last 6 years, and there is no indication that this volume will slacken in the future. Complementing this situation is the fact that textile exports are not increasing.

Two implications of the present balance of trade in the textile are (1) that tariffs are no longer operable because means have been found to neutralize or to circumvent them, and (2) that the present trend in textile imports can be identified as being based upon a competitive advantage possessed by foreign industries. The advantage may be considered an unfair one, since it is a result of the substitution of nontariff restrictions for the cuts in tariffs that have been attained in reciprocal trade agreements.

The most equitable solution to the problem would be to provide the basis for an orderly international trade. Legislation should ideally provide protection for the domestic industry, while it should not stifle trade. H.R. 11626 provides a certain flexibility that is directed toward the establishment of these two conditions. It authorizes the President to negotiate "with other governments for the purpose of consummating agreements to provide orderly trade in textile articles into the United States * * * based on the share of the U.S. consumption of such category supplied by imported textile articles during a representative period of not less than 1 calendar year prior to the year 1967, as determined by the President."

The President would also have the power to consider other factors that would affect trade such as historical patterns and the interests of developing countries. Those countries that do not choose to negotiate would have their import trade restricted for any calendar year to the average annual quantity of textile articles which entered this country for consumption during the years 1961-66. Such agreements of a bilateral and a collective nature already exist for cotton and several other textiles.

The danger that faces the textile industry is very real and should not be considered as a hoax which is being used to benefit that industry. Textile imports have increased two and one-half times since 1961. Foreign trade regulations and low-cost production are supporting this trend. It has been estimated that the effect of the imports has been to deprive approximately 200,000 textile workers of employment. Senator Ernest F. Hollings, of South Carolina, has stated that the present handling of the situation will determine whether our textile industries move abroad in the future or remain in the United States. Further-

more, the production of textiles seriously affects areas which have been designated as low income or poverty level. In 373 counties in Appalachia, approximately 75 percent of the jobs are affiliated with some segment of the textile industry.

I am sure the committee will consider what I have said judiciously. Thank you for extending this privilege to me.

The CHAIRMAN. Thank you, Mr. St. Onge, for taking time from your busy schedule to share your views with us.

Mr. ST. ONGE. Thank you, Mr. Chairman, it has been a pleasure.

The CHAIRMAN. Our next witness is the Honorable Louis C. Wyman, our colleague from New Hampshire. Welcome, sir.

STATEMENT OF HON. LOUIS C. WYMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW HAMPSHIRE

Mr. WYMAN. My name is Louis C. Wyman. I represent the First Congressional District of New Hampshire. I was pleased to introduce a bill, H.R. 11813, which is identical to that introduced by the chairman, H.R. 11578, and by a substantial number of my colleagues not only from New England but throughout the country. In New Hampshire, the textile-apparel industry provides 13,000 jobs, ranks third in size among our industries, and accounts for 13½ percent of our manufacturing employment. In addition to this, we have over 2,000 people producing textile machinery and supplies. In my district alone there are 8,000 textile-apparel jobs located in 24 cities and towns.

Similarly, the shoe industry in my district employs thousands of workers and it, too, accounts for a substantial percentage of our manufacturing employment and its continuation as a healthy industry is a matter of urgent importance to the welfare of these thousands of jobholders.

Many of the textile and apparel concerns in my district are small with 25 to 50 employees, and others employ from 100 to 800 workers. These plants frequently provide the principal source of employment in the communities where they are located.

It is essential, therefore, that we do what we can to prevent these mills from being destroyed by imports from low-wage countries. In many countries, wages are as low as 15 to 25 cents an hour, compared to our textile wages of about \$2.20 an hour. You will note that even in the relatively high-wage country like France it is only now that the minimum wage is about to be brought up to 60 cents an hour, compared to our statutory level of \$1.60 which is exceeded by most textile and apparel producers.

The legislation which I have introduced on textiles may be labeled by some as "protectionist," but in my mind this is untrue. In 1960, President Kennedy made it clear when speaking in Manchester, N.H., that he intended to solve the textile import problem, and in early 1961 announced a program for this purpose. I am glad to say that this was carried out for cotton textiles and that an international agreement now exists which permits us to exercise some measure of restraint on imports of these products. It should be noted, however, that this could hardly be called restrictive, as imports of cotton textiles have risen from \$199 million in 1960 to \$417 million last year.

In 1964, President Johnson, when visiting New England, pledged in Providence and in Portland to carry out this program. It is critical that this be done because wool textile imports have continued to rise and manmade fiber textile imports have jumped from \$60 million in 1960 to close to over \$300 million currently. Wool and manmade fiber textiles are of vital interest to the workers and to the welfare of the cities and towns in my district. I'm fully conscious that this also a problem for many other districts and States. It is a national problem when one realizes that 2 million jobs in the United States in textile and apparel are at stake.

The bill which I have introduced would enable the President to carry out the pledges which he has made to the Nation. It gives him the authority and direction to make international agreements covering wool and manmade fiber textiles as well as cotton. It provides guidelines for these negotiations which would permit him to, first, select the highest level of imports in recent years and, second, to assure to exporting countries their proportionate share of the U.S. market. This means that if our markets grow, imports will grow. When one considers that imports of these products last year exceeded a billion dollars in foreign value, one realizes that this is indeed generous.

If, however, these foreign governments who themselves participate in many restrictive import practices, international agreements, and other devices to protect their own markets, refuse to make reasonable, sensible, and liberal agreements with us, then my bill would restrain imports to the average level which prevailed during the years 1961-66. The committee may feel that a somewhat different historical period such as 1962 through 1967 is more appropriate. I realize that such a historical period would involve some decrease in the level of imports. This should provide an incentive to these governments and the foreign exporters to work out with us a mutually satisfactory arrangement based on the higher level of more recent years. This is eminently reasonable and is the least that we can do to be fair to textile and apparel workers in my district and throughout the country. I might note that, even if foreign governments were unwilling to make such agreements, they are still assured their historical share of our market which again means that if our market grows, their exports to this country will also grow.

I feel strongly that a viable international trade policy must meet these realities—jobs for those currently employed and jobs for those disadvantaged groups which exist not only in city ghettos but in other communities as well. In Manchester, the largest city in my State, we are about to begin a concentrated employment program at the cost of many hundreds of thousands of dollars to train the hardcore unemployed for jobs. It makes no sense to me nor to the voters in my district to make these expenditures of time, effort, and money while at the same time we pursue a foreign policy which destroys the jobs which the unemployed can perform and can secure.

Twenty years ago I served as the first counsel to the first Joint House-Senate watchdog committee set up to monitor the European recovery program. The name of this committee was the Joint Committee on Foreign Economic Cooperation and its staff kept a close watch on billions of dollars then being spent in the process of rebuilding European nations ravaged by war.

It was apparent then, and I so reported to the committee's membership, that we were spending altogether too much in not only restoring these foreign friends—and some former enemies—production potential, but in many cases demonstrably exceeding the prewar levels. We not only rebuilt factories—we bought and paid for new machinery, installed it, and then sent teams of experts to teach the latest improved techniques from textiles to watches. All this was coupled with a free-trade policy, reciprocal trade programs and a general lowering of tariffs.

The net result has been to encourage floods of imports into the United States and its primary market areas of goods comparable to—and in some cases even better than—our own, all made with labor that was paid but a fraction of that paid in the United States. When labor cost is a high component of finished products this predictably meant that in instance after instance we would be priced out of the market and American workers out of jobs. This has happened. It is continuing. It is now time that some quota limitations be imposed—not to eliminate our foreign competition but to reasonably regulate it in our primary market areas to afford a measure of protection for American industry and American workers.

This will not invoke a tariff war, nor will it cost us friendships abroad. It is a needed change in business practice for a nation that for far too long has determined its foreign policy—particularly in the foreign aid field—from motivations of heart rather than head.

I strongly urge this committee to report textile quota legislation along the lines of that proposed by the chairman. These bills are the result of over 10 years of intensive effort by many of us in the House and the Senate and of industry and labor. This is no time to back out. We must have a foreign trade policy which takes into account our own interests and the interests of the people who work in America and those who need jobs in America.

I respectfully ask the committee to act favorably on reasonable quota limitations in respect to foreign imports of textile products, shoes, steel, and such other products as have established to the satisfaction of the committee that they are unreasonably harmed by such imports. It is not necessary to eliminate these imports, nor even to sharply reduce them. But it is truly necessary, in fact even urgently necessary, to give to American industry in these fields the legislative assurance that the disproportionate increases of these imports will not continue and that they will be regulated. Such self-interest is enlightened, forward looking, and deserved by those hundreds of thousands of American citizens who depend for their livelihood on the continued production of these American products.

Mr. Chairman, I have certain tables of an informative nature that related to seriously affected industries within the First Congressional District of New Hampshire that I would like to have included in the record at this point.

The CHAIRMAN. Without objection, it is so ordered.
(The material referred to follows:)

New Hampshire textile-apparel fact sheet

Employment	12, 900
Rank in manufacturing industries.....	3d
Percent of total manufacturing employment.....	13. 5
Number of establishments.....	137
Communities in which located.....	50
Annual payroll.....	\$48, 488, 000
Annual value added by manufacture.....	\$89, 220, 000
Textile machinery and supplies employment.....	2, 089
Number of establishments.....	11
Communities in which located.....	6

Sources: U.S. Departments of Commerce and Labor and New Hampshire Department for Economic Development.

TEXTILE AND APPAREL EMPLOYMENT IN THE 1ST NEW HAMPSHIRE CONGRESSIONAL DISTRICT

Cities and towns	Number of mills	Estimated number of employees
Alton.....	1	15
Barnstead.....	1	30
Belmont.....	1	45
Danville.....	1	12
Derry.....	2	55
Dover.....	1	7
Exeter.....	1	435
Goffstown.....	1	2
Laconia.....	9	532
Londonderry.....	1	3
Manchester.....	38	5, 112
Meredith.....	1	100
Newington.....	1	10
Newmarket.....	1	80
Newton.....	1	60
Pittsfield.....	2	118
Plaistow.....	2	328
Portsmouth.....	1	65
Rochester.....	3	800
Rollinsford.....	1	150
Somersworth.....	1	100
Suncook.....	4	217
Tilton.....	2	493
Wolfeboro.....	1	125
24 cities and towns.....	78	8, 894

Note: The above mill and employee figures are not comparable to the employment figures shown in the accompanying New Hampshire Textile-Apparel Fact Sheet. The above information is taken from available directories, while the Fact Sheet employment is taken from U.S. Government figures.

CURRENT LISTING OF NEW HAMPSHIRE TEXTILE MILLS AND APPAREL PLANTS ¹
IN THE 1ST NEW HAMPSHIRE CONGRESSIONAL DISTRICT

<i>Mills</i> ²	<i>Estimated employment</i>
Alton: Timber Lake Manufacturing Corp. (A), N. Tolman, President.....	15
Barnstead: New Hampshire Artistic Web Co. (S), F. Zecha, President..	30
Belmont: Fenwick Hosiery Mills, Inc. (S), Samuel Kay, President.....	45
Danville: Danville Chenille Co., Inc. (S), R. F. Dutton, Proprietor.....	12
Derry:	
Derry Textile Fibre Mills, Inc. (M), Selby B. Groff, President.....	20
Totsy Manufacturing Co., Inc. (A), Mrs. E. Hoitt, Manager.....	35
Dover: McCabe, B. P. (C), B. P. McCabe, Proprietor.....	7
Exeter: Milliken Industrials, Inc.—Exeter Div. (D.&F.), Horace L. Pratt, General Manager.....	435
Goffstown: Hall, L. M. & Co. (A), L. D. Hall, Proprietor.....	2
Laconia:	
Belknap-Sulloway Mills Corp. (S), Richard W. Whiting, President..	140
Central New Hampshire Dye, Inc. (D.&F.), Frank Piche, President..	25
Barberry Knitting Mills, Inc. (S), B. Greenfield, President.....	100
Cormier Hosiery Mills, Inc. (S), Samuel Kay, President.....	100

See footnotes at end of table.

CURRENT LISTING OF NEW HAMPSHIRE TEXTILE MILLS AND APPAREL PLANTS¹
IN THE 1ST NEW HAMPSHIRE CONGRESSIONAL DISTRICT—Continued

<i>Mills²</i>	<i>Estimated Employment</i>
Laconia—Continued	
Guild Mills Corp. (W), Lawrence W. Guild, Sr., President.....	25
Laconia Manufacturing Corp. (A), K. W. Wakefield, President.....	50
Old Colony Knitting Mills, Inc. (S), B. Greenfield, President.....	25
Pitman-Trienit, Inc.—Pitman Hosiery Mills Division (S), C. J. Pitman, President.....	25
Winconia Corp. (A), J. K. Schramm, General Manager.....	24
Londonderry: Manchester Woven Label Co. (S), Edward McAndrew, Owner.....	3
Manchester:	
Acro Textile Co., Inc. (S), J. Kraus, President.....	60
American Velcro, Inc. (S), Clark Hartwell, President.....	45
Arms Textile Manufacturing Co., subsidiary of Colonial Corp. of America, S. I. Sheerr, President.....	350
Atkinson Spinning Co., Inc. (S), May B. Sidore, President.....	55
B. & C. Mills, Inc. (S), May B. Sidore, President.....	110
Brody Clothing Co., Inc. (A), S. Brody, President.....	20
Brookshire Knitting Mills, Inc. (S), May B. Sidore, President.....	425
Chicopee Manufacturing Company (C), D. A. Watson, Plant Manager.....	840
Colman, Kate, Inc. (A).....	10
Concord Mfg. Corp. (S), Sidney Ackerman, President.....	92
Cone Canvas Co. (M), Donald Cone, Jr., Proprietor.....	20
Darlene Knitwear, Inc. (S), B. D. Gordon, President.....	100
Felters Co., Fibre Processing Div. (M), W. Wronosky, Plant Manager.....	20
Granite Weaving Corp. (S), P. Cherry, General Manager.....	14
Greenfield Carpet Co. (S), J. T. Garvin, Jr., President.....	50
Groval Knitted Fabrics, Inc. (S), M. Higgins, Plant Manager.....	25
Hamilton Co., The (A), J. Rovner, Proprietor.....	48
Hampshire Carpet Mills, Inc. (S), Alfred Fruchtmann, President.....	25
Hampshire Mills, Inc. (A), H. Brenner, President.....	125
Holton Process Co. (M), E. H. Russell, President.....	12
Imperial Awning & Decorating Co. (M), L. C. Powers, Proprietor.....	1
Langley, J. R. Co., Inc. (A), J. R. Langley, President.....	40
MKM Knitting Mills, Inc. (S), B. D. Gordon, President.....	500
Manchester Hosiery Mills (S), S. Z., M. J. & N. G. Gordon, Pro- prieters.....	150
Manchester Knitted Fashions Division, ECM Corporation (S), F. C. Prince, President.....	350
Martell, P. & W., Inc. (A), W. E. Martell, President.....	75
New Hampshire Bedding Co. (M), R. H. Cohen, Proprietor.....	25
P & M Mfg. Co., Inc. (A), E. H. Mueskes, Plant Manager.....	150
Profile Mfg. Co., Inc. (C), Harry Rudnick, President.....	10
Rudnick, J. & Sons, Inc. (C), Harry Rudnick, President.....	45
Russell Thread Co. (C), N. H. Russell, President.....	10
Stephen Spinning Co. (S), F. Kelly, Superintendent.....	300
Tam O'Shanter, Inc. (S), S. Rosenberg.....	175
Wau-Ke-Wan Thread Co., Inc. (C), W. L. O'Connor, President.....	10
Waubec Mills, Inc. (S), Saul Greenspan, President.....	400
Waubec Dyeing & Finishing Co., Inc., Saul Greenspan, President.....	225
Westfield Knitting Mills, Inc. (S), E. J. Rahn, President.....	100
Winwood Sportswear, Inc. (A), R. Winneg, President.....	100
Meredith: American Asbestos Textile Corporation (M).....	100
Newington: Thairwall, W. C. & Co., Inc. (S).....	10
Newmarket: Gallant Mfg. Co., Inc. (S), R. Gallant, President.....	80
Newton: Huskee Knitwear Mill, Division of Keezer Manufacturing Co., Plaistow (A).....	60
Pittsfield:	
Catamount Woven Label Co., Inc. (S), R. A. Beres, President.....	14
Globe Manufacturing Co. (A), L. Gilman.....	104
Plaistow:	
American Knitwear & Emblem Manufacturers (M), C. D. Keezer, Sales Manager.....	160
Keezer Manufacturing Co. (C), C. D. Keezer, President.....	168
Portsmouth: Morley Co., The (M), J. A. Taylor, President.....	65

See footnotes at end of table.

**CURRENT LISTING OF NEW HAMPSHIRE TEXTILE MILLS AND APPAREL PLANTS¹
IN THE 1ST NEW HAMPSHIRE CONGRESSIONAL DISTRICT—Continued**

<i>Mills²</i>	<i>Estimated Employment</i>
Rochester:	
Baxter Woolen Co., Inc. (W), C. E. Baxter, President & Treasurer-----	200
Rindge Industries, Inc., Gonie Division (W), Fulton Rindge, Jr., President -----	300
Wyandotte Worsted Co., Branch of Waterville, Maine (W)-----	300
Rollinsford: American Twine & Fabric Corporation (C), T. Nelson, Presi- dent -----	150
Somersworth: Great Falls Bleachery & Dye Works, Inc. (D&F), R. C. Jackson, President-----	100
Suncook:	
Dole-Suncook, Inc. (W), M. C. Dole, President-----	150
Furus, T. & Sons, Inc. (S), T. H. Furus, President-----	16
O. & P. Label Finishing (S), E. Ober & Mrs. H. O. Cressy, Partners--	11
Suncook Woven Label Co., Inc. (S), E. Ober, President-----	40
Tilton:	
Brown, Arthur S., Manufacturing Co. (C), R. H. Sedgley-----	143
Stevens, J. P. & Co., Inc., Division of North Andover, Mass. (W)-----	350
Wolfeboro: Malone Knitting Co. (S), T. P. Malone, Vice President-----	125

¹ This listing represents the most comprehensive and up-to-date listing that could be compiled from Government sources, available directories, and other sources of information.

² Key: (A) Apparel or other finished textile products; (C) cotton; (D&F.) dyeing and finishing; (S) synthetic; (W) woolen and worsted; (M) miscellaneous.

The CHAIRMAN. Thank you, Mr. Wyman, for sharing your views with us today.

Mr. WYMAN. Thank you, Mr. Chairman, it has been a pleasure.

The CHAIRMAN. Come forward please, sir. We are glad to have you with us this morning, Mr. Dent. For purposes of this record we will ask you to please identify yourself and those with you.

STATEMENT OF FREDERICK B. DENT, PRESIDENT, AMERICAN TEXTILE MANUFACTURERS INSTITUTE; ACCOMPANIED BY ROBERT C. JACKSON, EXECUTIVE VICE PRESIDENT, COORDINATING WITH ALAN T. DICKSON, PRESIDENT, AMERICAN YARN SPINNERS ASSOCIATION; MERLE S. ROBIE, CHAIRMAN OF THE EXECUTIVE COMMITTEE, CORDAGE INSTITUTE; MORTON H. DARMAN, CHAIRMAN OF THE BOARD, NATIONAL ASSOCIATION OF WOOL MANUFACTURERS; ROBERT D. McCABE, MANAGING DIRECTOR, NATIONAL KNITWEAR MANUFACTURERS ASSOCIATION; FULTON RINDGE, JR., CHAIRMAN, AND WILLIAM F. SULLIVAN, PRESIDENT, NORTHERN TEXTILE ASSOCIATION

Mr. DENT. Yes, sir. Mr. Chairman and members of the committee, I am Frederick B. Dent, of Arcadia, S.C., where I am president of Mayfair Mills. I appear before you today in my capacity as president of the American Textile Manufacturers Institute, whose Washington office is located at 1120 Connecticut Avenue NW. The institute is the central trade association for the American textile manufacturing industry, representing about 85 percent of the spinning, weaving, and finishing capacity in the cotton, silk, and manmade fiber industry, with member companies located from Maine through Texas.

In response to the chairman's request in the announcement of these hearings, this testimony is a joint presentation of ATMI, the American Yarn Spinners Association, the Cordage Institute, the National As-

sociation of Wool Manufacturers, the National Knitwear Manufacturers Association, and the Northern Textile Association. The American Yarn Spinners Association, of Gastonia, N.C., is the central trade association for combed and carded cotton, manmade fiber, and blended sales yarn producers with 200 member mills in several States. The Cordage Institute represents virtually all U.S. rope and twine production, and is located at 350 Madison Avenue, New York City. The National Association of Wool Manufacturers, located at 1200 17th Street NW., here in Washington is the national trade organization of the wool textile industry in the United States, having member companies in 32 States. The National Knitwear Manufacturers Association, of 350 Fifth Avenue, New York City, represents manufacturers of underwear, nightwear, and allied products in 22 States. The Northern Textile Association, which is headquartered at 211 Congress Street, Boston, Mass., represents manmade fiber, wool, and cotton textile mills located principally in the Northeast.

I would like to introduce at this time those men who are appearing with me at the witness table. On my left is Mr. Fulton Rindge, president of Rindge Industries, of Ware, Mass., who is also chairman of the Northern Textile Association.

On my right is Mr. Alan T. Dickson, president of American & Efirid Mills, Mount Holly, N.C., and president of the American Yarn Spinners Association. And Mr. Merle S. Robie, chairman of the executive committee of the Cordage Institute. In addition to these gentlemen, the other witnesses listed are available in the room for subsequent testimony.

The CHAIRMAN. We appreciate having you gentlemen with us, too.

Mr. Dent, you are recognized, sir. If you have additional material that you would like to have included in the record other than that you orally present, you are given that permission and it will appear at the conclusion of your remarks.

Mr. DENT. Thank you very much. Let me just indicate for the record, however, that the term "textile industry" in reality, as in the legislation pending before you in the Mills bill—H.R. 11578—and similar bills sponsored by some 200 Members of the House, includes all establishments engaged in the production in the United States of textile articles, wool tops; cotton, wool, and manmade fiber spun yarn; manmade staple fiber, filaments and filament yarn; and fabric, apparel, and all other textile manufactures whether of cotton, wool, or manmade fiber, or a combination or blend of these fibers with each other or in combination with other fibers.

THE BALANCE-OF-TEXTILE TRADE

These hearings have been called "on the general subject of the balance of trade between the United States and foreign nations and various matters relating to tariff and trade policy."

The balance-of-textile trade, Mr. Chairman, is in serious deficit. Indeed, the textile trade deficit has been growing rapidly, and in 1967 was \$766 million, as chart I indicates.

Why is the textile trade balance in such great deficit? Is it because the U.S. textile industry is inefficient? No. Is it because the U.S. textile industry does not make substantial export sales efforts? No.

It is because, Mr. Chairman, the U.S. textile industry operates in the United States where the average hourly textile wage is now \$2.14; it will reach \$2.27 an hour within a month based on wage increase announcements already made in the past 2 weeks. The figure for Japan is 36 cents; Hong Kong, 25 cents; Pakistan, 14 cents; India, 13 cents; Taiwan and South Korea, 8 cents.

It is because certain foreign governments subsidize their textile exports to this market.

It is because the GATT protocol apparently is interpreted differently in Brussels than in Washington, with respect to what can be done in the area of quota controls on imports from low-wage countries.

It is because in valuing textile imports for customs purposes the United States uses free on board wholesale prices in the exporting country; while in valuing textile imports from the United States, those same countries use the higher cost, insurance, and freight valuations.

It is because the U.S. trade negotiators snap to attention whenever another GATT member whispers the word "retaliation", but have no stomach for exercising our rights of retaliation.

We contend that the proponents of free trade in the United States have practiced one-sided idealism while forcing many American industries to compete on the basis of unfair trade.

THE U.S. TEXTILE INDUSTRY IS EFFICIENT

The U.S. industry is not suffering from import competition because of inefficiency or obsolescence. Quite the contrary. No textile industry in the world is spending so much on reequipment, modernization, and research. No industry has offered the consumer such an array of new products at noninflationary price levels. But the new technology is known and available worldwide. Last fall at Basel, Switzerland's International Textile Machinery Exposition, there were 881 exhibitors of whom only 48 were American companies.

New American textile developments quickly become available to overseas competitors because if the U.S. patent holder fails to license the new technology for use abroad, the foreign government will license it for him.

With no offsetting, long-range productivity advantages, the U.S. textile industry is naturally vulnerable to the competition of modern production facilities located in cheaper labor areas of the world. Differentials in wages are so sharp they in most instances more than offset any short-range productivity advantages which certain portions of the U.S. industry may have.

THE IMPORT BURDEN IS INDUSTRYWIDE

The United States consumes more textile imports by far than any other country. Excepting for very lenient import controls on cotton textile, and quite modest tariff rates which were reduced again last January 1 as a result of the Kennedy round, we maintain no impediment to textile imports.

U.S. imports of cotton textiles—including yarn, fabrics, made-up goods, and apparel—doubled over the last 6 years despite the existence

of import restraints. Uncontrolled wool textile imports went up by 50 percent and manmade fiber textile imports rocketed up from 164 to 934 million square yards, or 470 percent, over the same period.

In the first quarter of 1968, total textile imports of cotton, manmade fiber, wool, and blends thereof reached an alltime high annual rate of 3.1 billion square yards, a 14-percent increase over the previous record. The most rapid rate of increase continues to be in the manmade fiber division of the industry. Manmade fiber textile imports jumped 22 percent from first quarter 1967 to first quarter 1968. Chart II gives a quick overall view of the import pattern, which is steeply upward at all stages of manufacture. The present alltime high level of imports will double by 1974, if recent trends continue.

The rapidity with which imports of particular product groups grow is well illustrated by cotton yarn developments of the past year. Raw cotton represents over half the cost of manufacturing grey yarn. Raw cotton costs in the United States advanced from July to December 1967 by about one-third. The equivalent yarn marketing period would be approximately August to February. Cotton yarn prices rose during this period by 15 percent.

Yarn importers booked heavy orders in the fall, and these imports began arriving in U.S. ports in December 1967. The average monthly cotton yarn import level from July to November 1967 was 2.7 million pounds per month; the level during the December 1967 to March 1968 period averaged well above 6.0 million pounds.

Incidentally, the six countries which have, for the past 30 months, represented more than 83 percent of all cotton yarn imported either grow the major part of their cotton requirements or have captive sources. None of these countries buys any important quantity of American cotton. Of course, the rigid U.S. import quota on raw cotton—less than a day's requirements of upland types—is in effect being bypassed by this business.

The impact of imports is not a single force equally distributed over all sectors at the same time. The numerous, random concentrations disrupt some segments of the market and then others. The repetition of the pattern is so consistent and widespread that no segment of the industry and no mill, no matter how specialized in its product, is immune from the direct and indirect impact of such concentrated attack. Each foreign supplier is free to strike at random—and does.

American woven label producers have lost virtually the entire ladies' dress industry market to import competition, chiefly Japanese. The imported labels are being sold at less than half of the U.S. price.

Let me introduce Mr. Morton H. Darman, president of the Top Co., Boston, Mass., and chairman of the board of the National Association of Wool Manufacturers.

In recent weeks, member mills have reported to us curtailed operations over a wide range of production, including corduroy, drapery and upholstery fabrics, buffing fabrics, enameling duck fabrics, sheetings, jeans, drills, twills, sailcloth, and shirtings. A major adverse factor in the present market for each of these products is import competition from the low-wage countries.

THE REMEDY MUST BE INDUSTRYWIDE

The rise of fiber blends and the fact that the products of various fibers compete for the same end-use markets mean that an effective import remedy must be an industrywide remedy. The history of U.S. Government efforts to develop a viable textile trade policy validates this conclusion.

The Government's seven point textile program enunciated on May 2, 1961, dealt with textile industry problems as a whole, and without regard to fiber distinction insofar as international trade matters were concerned. An internationally approved mechanism for dealing with market-disruptive cotton textile imports was negotiated in 1961-62 at GATT headquarters in Geneva. Several abortive international conferences on wool textile imports have been held since that time.

In its administration of the GATT cotton textile controls, the U.S. Government over the past 6 years has developed the statistical and administrative experience and techniques needed to carry out an all-fiber program.

Because cotton textile import limitation actions have been mutually agreed on in the GATT Cotton Textiles Committee, no compensation or retaliation is involved, as would be required under escape clause action, for example.

For mutual ease of administration and market stability, there has been increasing reliance upon bilateral agreements. Article IV of the GATT cotton textile agreement specifically authorizes such bilaterals. We now have them with 22 countries. In virtually every instance they cover 100 percent of the import trade, that is to say, all categories of cotton textile products.

As a matter of fact, a so-called voluntary undertaking on the part of Japan some years ago to control its exports of cotton textile products to the United States was in many respects a forerunner of the existing GATT-approved bilaterals. This earlier Japanese arrangement had many of the earmarks of a bilateral agreement, including joint announcement by the two governments, and it was in fact hammered out in months of hard and detailed negotiations during the latter part of 1956. The Japanese export control arrangements covered all cotton textile trade with the U.S.A. for the 5 years 1957-61. The agreed level of limitation was somewhat higher than the then existing level—an all-time high up to that point—and there were some subsequent upward adjustments during the 5-year period.

This early Japanese-United States experience also pointed up the importance of establishing an over-all country quota and then subdividing it by product lines. Import impact, when total shipments are known and when spread over many product lines, is much less disruptive of markets than a smaller volume of shipments highly concentrated in a few product lines. There was developed in the GATT cotton textile negotiations in 1961, therefore, a system of 64 categories of products covering between them all cotton items, which the United States has used in administering its responsibilities under the arrangement.

THE SOLUTION IS THE MILLS BILL

Mr. Chairman, your bill, H.R. 11578, and the similar bills introduced by some 200 of your colleagues, provide the industrywide remedy the textile import situation demands. Your bill gives to the President the tools needed to do the job: the negotiating tools that have been lacking.

H.R. 11578 authorizes and directs the President to negotiate agreements providing orderly trade in textile articles, including quantitative limitations on U.S. imports. The agreements would limit imports by categories of textile articles and would be based on a representative period of at least one calendar year. The historical period and each country's share of imports would be determined by the President, considering the interests of developing nations and such other factors as he deems appropriate.

When a significant portion of U.S. textile imports are covered by agreements, the President would limit imports from any country not participating in such agreements on the same basis as the agreements. Changes in import levels would be geared to a category basis so as to provide flexibility in the most favorable markets.

If, but only if, within 6 months of the bill's enactment, international agreements providing for orderly trade have not been concluded, textile imports would be automatically limited to their average annual quantity for the period 1961-66. This provision is the exporting country's incentive to negotiate promptly and in good faith.

The bill recognizes existing cotton textile bilaterals and restraints. It provides for a substantial volume of imports and permits their future growth as the U.S. market grows.

RETALIATION IS A TWO-WAY STREET

U.S. textile import policies have been, and under H.R. 11578 would remain, so generous relative to those of other GATT members that "retaliation" and "compensation" could be avoided by vigorous presentation of the American case to our trading partners. In view of the subsidies being paid on textile exports to the United States, the non-tariff trade barriers raised against U.S. textile exports around the world, and the bilateral agreements between foreign nations which force additional exports onto the U.S. market, the real questions, Mr. Chairman, are these: Why does not the U.S. Government invoke our right of retaliation? Why does not free trade mean fair trade?

In any event, there is a distinction, in practice, between violating the rules of the GATT and invoking its provisions with respect to retaliation and compensation. Retaliation and compensation enter when the value of the concessions granted a party has been nullified or impaired by the illegal action taken. That is to say, the GATT has not authorized retaliation or called for compensation unless the action in question has had an adverse effect on the trade of the complaining country, since, as a practical matter, it would be impossible to assess the amount of compensation or retaliation in the absence of trade effects.

Thus, while the imposition of quotas might be construed as a violation of article XI of the GATT, this by itself would not necessarily

provoke action on the part of the contracting parties. For example, in the case of the meat import quota legislation of 1964 no complaint arose in the GATT, presumably because the prescribed quotas did not have the effect of reducing imports. It is only if the import quota has the effect of impairing the value of a tariff concession—if the trade flows involved were affected—that there would be a basis for a material grievance.

Since what is contemplated is the negotiation of agreements under which the total level of textile imports would not be rolled back, and, under which some growth in imports would be allowed, the U.S. Government would have a strong basis, both in GATT law and practice, to defend against any action by the contracting parties calling for compensation and retaliation. The only argument that could be advanced to the contrary would be that the existence of the quotas prevented sales of textiles to the United States from growing as much as they might otherwise grow. It would be very difficult to quantify such a concept. Moreover, one is reminded of what President Truman once observed in vetoing a Tariff Commission escape clause recommendation, to the effect that injury does not exist when one has failed to achieve what one never had.

Subsidies paid by foreign governments on sales of textiles to the United States are creating conditions of unfair competition and market disruption.

The Italian Government, for example, rebates to wool textile exporters the integrated rate of the general turnover tax. In addition, of course, Italian exports including all textiles, receive a rebate of the transactions tax in the amount of 6 percent of the export value together with a refund of certain manufacturing taxes.

Italy and the other member states of the European Economic Community have agreed to adopt a value-added tax system by 1970. Preliminary appraisals indicate that, for the EEC as a whole, the new system will further increase their export rebates on textile sales to the United States. While this is not a violation of GATT rules, it is certainly an unfair trade situation.

Taiwan has surpassed Italy in imaginative export subsidization. Cotton textile exports receive rebates of import duties, defense surtax, harbor dues, and commodity taxes.

In Mexico, the government provides subsidies, sales tax rebates, and special finance facilities for textile exporters. Brazil not only exempts exports from the Federal consumption tax but also from certain State and consignment taxes while allowing the exporter to retain up to 100 percent of foreign exchange proceeds for his import requirements.

The Japanese Government provides many special forms of export insurance, including investment, price, loan, and overseas advertising risks. Further, exporters are permitted to reserve up to 5 percent of their export proceeds for foreign market development. This is a tax deductible expense even if not spent. This, too, applies if the exporter is also the manufacturer except that in this case 1.5 percent of export contracts' income may be placed in reserve to be written off 5 years after their establishment. Similar aids and benefits accrue to small or medium enterprise under the Small and Medium Enterprise Reserve for Foreign Market Development. MITI (Ministry for International Trade and Industry) authorizes firms in this category to effect a tax

deductible expense up to 1.5 percent of foreign trade income if matching funds are contributed to the association's foreign market development. Special depreciation rates for plant and equipment are granted by MITI to enterprises concerned with export promotion.

In West Europe, the chief nontariff trade barrier facing American textile exports is the border tax. The range of rates from country to country and among textile products is wide—2.4 percent to 20 percent—however, in each case the tax is levied on the c.i.f. duty-paid value—thereby greatly increasing the effective tax barrier.

The use of textile import quotas is widespread among our trading partners—and they are not limited to cotton textiles as are ours. As a byproduct of their realistic policy, a disproportionate share of wool and manmade fiber textile exports from the low-wage countries is being directed to the U.S. market. In summarizing these quotas I can do no better than to quote Deputy Assistant Secretary of Commerce Nehmer, who said in a recent speech:

The United Kingdom sets quotas on various wool and manmade fiber products from Japan. Italy restricts imports of various wool and man-made fiber products from Japan. France has similar restrictions on Japanese imports, but restricts imports from Hong Kong as well. West Germany has restrictions against Japan, Hong Kong, India and Pakistan. Austria has restrictions on Japanese textiles but also has an "anti-dumping and market disruption law" which permits automatic action when prices of specified textiles are considered too low. The Benelux countries have a bilateral agreement setting quotas on Japanese textiles and apparel, while the Japanese-Canadian agreement imposes quotas on some synthetics. Canada has similar agreements with Korea and Hong Kong. Denmark uses licenses to regulate textile imports from Japan, Korea and Taiwan. Switzerland employs a "price certificate system" for textile imports under which textile imports are kept out if prices are too low. This is administered through a system of import licenses for all textiles at the fabric stage and beyond, regardless of origin. However, the licenses have been granted automatically to high-cost countries. Norway and Sweden have restrictions on imports from several Asian countries. Even Japan has a global quota on imports of woven woolen fabrics under which Japan sets quotas for France, Italy and the U.K.

The plight of the less developed countries is real, and textile trade is important to them. The United States has taken much more than its fair share of their exports.

The facts and figures demonstrate the generosity of U.S. textile trade policy; the cries of "restrictionism" heard from Europe and the Orient are simply designed to hide overt action and to appeal to the self-consciousness of the unknowledgable. The U.N. in its latest available data, for 1966, has reported the trade in textiles as follows and I also call your attention to chart III:

LDC TEXTILE TRADE, 1966

[Dollar amounts in thousands]

Area	Imports from LDC's		Exports to LDC's		Balance for LDC's
	Amount	Percent	Amount	Percent	
European Economic Community.....	\$92, 093	17. 1	\$132, 986	30. 2	—\$40, 893
Japan.....	6, 158	1. 2	202, 293	45. 9	—196, 135
United States.....	439, 747	81. 7	104, 972	23. 9	+334, 775
Total.....	537, 998	100	440, 251	100	+97, 747

Note: SITC codes 65 and 84 for Mexico, El Salvador, Jamaica, Dominican Republic, Columbia, Brazil, Spain, Portugal, Greece, Israel, India, Pakistan, Malaysia, Singapore, Philippines, South Korea, Taiwan, Ryukyuys, Egypt.

Source: United Nations.

The United States absorbed 82 percent of the total textile exports of 19 less-developed countries to the EEC, Japan and the United States. Japan let in 1 percent and the EEC, with about the same population as the United States took 17 percent of the total. These lesser developed countries together had large textile trade deficits with Japan and with the European Common Market. The lesser developed countries ran a surplus with us of a third of a billion dollars. We are already serving as an important textile market for many developed countries as well, as shown on chart IV.

THE NATIONAL INTEREST DEMANDS A GROWING TEXTILE INDUSTRY

The textile industry was described by the World War II Army Quartermaster General as second only to steel in essentiality. In 1959 the Office of Civil and Defense Mobilization made the following statement to the Senate Textile Subcommittee:

The OCDM regards the textile industry as an essential industry and considers it an essential part of the Nation's mobilization base.

The textile industry is presently supplying an average of 200 yards of cloth for every man and woman in uniform. In all, some 25,000 textile items from socks to bulletproof vests are used by the military.

The textile industry is essential to the economic and social framework of the United States as well as to its military security.

The virtually unrestricted flow of textile imports into this country is working to nullify our strong commitment to provide more jobs for the unskilled in underdeveloped areas of our own country. When we have such critical needs at home the United States no longer can afford to use textile trade as a means of creating jobs and prosperity overseas.

A growing textile industry can be the vehicle for putting some of our underdeveloped areas on their feet economically by providing the needed jobs.

There is no area of the United States where the importance of the textile industry, and its hundreds of thousands of jobs for diverse skills, is better illustrated than in the Appalachia Development region. In the 373 counties which constituted the original Appalachia program area, some 453,000 people are employed by the textile industry. In many of these counties, textile employment accounts for as much as 75 percent or more of the manufacturing jobs. The national average for employment in the textile industry is 13 percent of all manufacturing jobs. In the Appalachian region 26 percent—better than one out of every four manufacturing jobs—are in the textile industry.

There are 118 counties contiguous to Appalachia and 85 of these have substantial textile employment—another 224,000 jobs directly in the textile industry. If one were to draw a line 50 miles outside the boundaries of Appalachia, this line would include an area with an additional 345,000 textile jobs. In short, there are more than 1 million textile jobs in Appalachia and a 50-mile area surrounding it.

The jobs the textile industry is providing in Appalachia have special significance. In many cases they spell the difference between self-support and welfare. Jobs in the textile industry have helped thou-

sands of people make the transition from farmwork to manufacturing employment.

In addition to providing individuals with productive employment, textile jobs in many cases provide the major payroll and tax income in the communities in which the mills are located. Textile jobs are the foundation upon which an economically sound Appalachia of the future can be built. Yet, the Government is appropriating millions of dollars to create needed jobs in poverty areas while at the same time conducting its textile trade policy in a job-destroying manner.

New York's mayor calls it fun city and many think of it in terms of the executive suite, but it is also the largest manufacturing city in the Nation and more than one-third of those employed in manufacturing there work in the textile industry—298,000 people with an annual payroll of \$1.3 billion. By coincidence, this is exactly the figure reported as New York City's welfare budget for fiscal 1969.

Every State except Hawaii produces wool for the textile industry. Nineteen States grow cotton and 22 States have manmade fiber-producing plants. Forty-two States have basic textile mills and there are apparel plants in all 50 States.

Negro employment in the textile mill industry has grown rapidly in recent years. The textile mill industry in 1967 provided employment for more than 82,000 Negroes. While overall textile employment has increased by only 2.8 percent since 1960, employment of Negroes has increased by 270 percent. This has meant more than 52,000 new jobs for Negroes in the textile mill industry, primarily in Southern States.

In Alabama, for example, about 20 percent of the textile work force is Negro and current hirings are running about 35 percent Negro. In South Carolina, 40 percent of the new hirings in the textile mills over the past year were Negro and between 1965 and 1967 the number of Negro employees more than doubled.

RECOMMENDATIONS

Textile tariffs are already too low, as the size and rapidly rising trend of imports indicates—and further cuts are already scheduled for each of the next four Januarys.

However, we recognize that the Government may need "house-keeping" negotiating authority. The administration is proposing that the unused portion of the 50 percent tariff-cutting authority of the Trade Expansion Act, which expired a year ago, be restored until July 1, 1970. Textiles were recognized in the Kennedy round as particularly sensitive to import competition, and hence most textile tariff reductions were substantially less than 50 percent. We do not think textile tariff-cutting authority of more than 5 percent should be granted in the pending legislation.

The Special Trade Representative told the committee on June 4 that "it is not our intention to engage in any major negotiations . . ." The 5 percent authority should, therefore, be more than ample. There is no reason to expose sensitive products like textiles to the possibility of larger tariff reductions.

Our major recommendation is that the concept of the Mills bill (H.R. 11578) be enacted into law promptly. Certain changes in the bill may be desirable. For example, we would favor the addition of provisions stating clearly that coverage of the legislation extends to rope and twine as well as to the products of silk and blends of silk with man-made fiber, cotton, or wool.

Most textile imports are produced under wage rates and working conditions illegal in this country. Should a textile article which could not be shipped legally across State lines were it manufactured in the United States, be allowed open access in unlimited volume to this market provided only that the sweatshop is located 12 miles offshore?

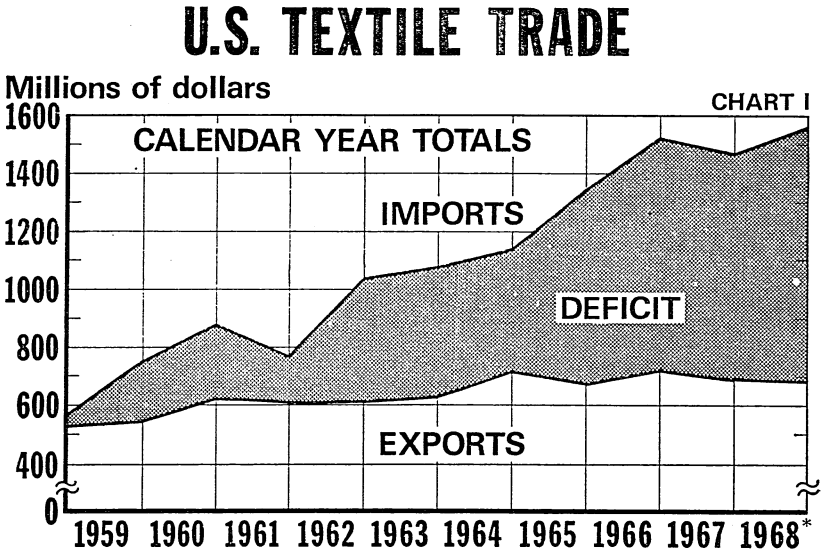
Our recommendations come from a job-furnishing, taxpaying industry daily confronted with the harmful effects of our "unfair" trade policy. We deal in reality, not theory, when we urge your favorable consideration of these recommendations.

Mr. Chairman, I have for the confidential review of the committee reports from mills outlining the harmful effect of imports which I would like to submit to the secretary for your further consideration.

The CHAIRMAN. That which is confidential submit to the secretary. Do you have additional material for the record?

Mr. DENT. Thank you, Mr. Chairman, we would like to continue our testimony with Mr. Morton H. Darman, chairman of the board of the National Wool Manufacturers Association.

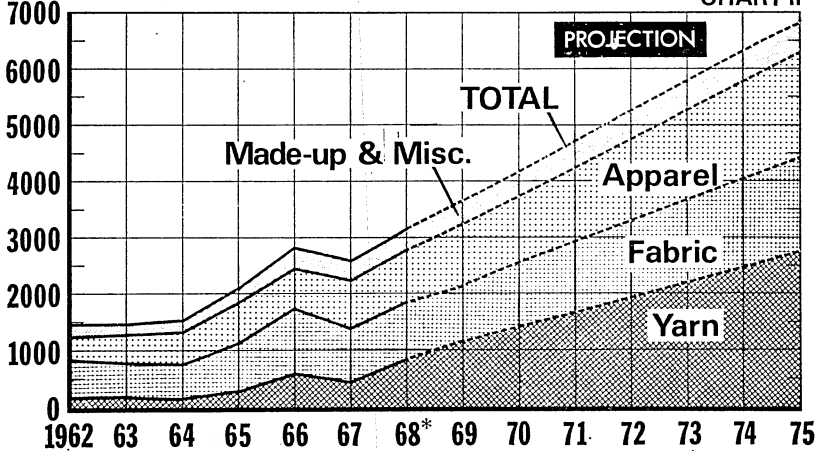
(The charts referred to in Mr. Dent's statement follow:)



U.S. IMPORTS OF TEXTILE MANUFACTURES BY PRODUCT GROUP

Millions of sq. yds.

CHART II



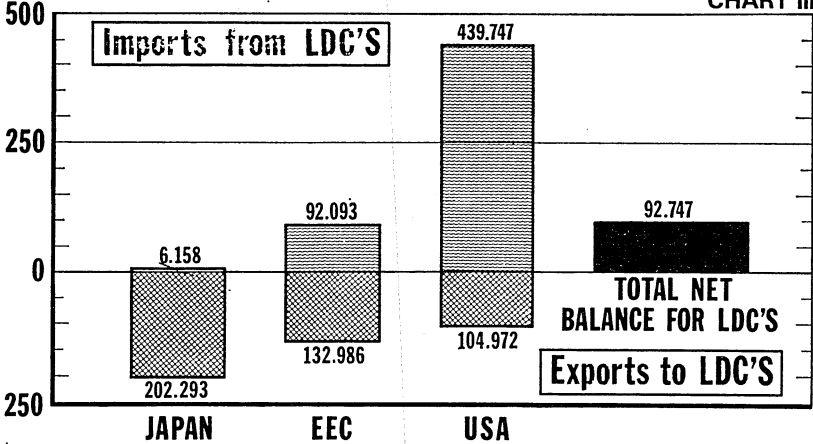
*Annual Rate Based on 1st Quarter 1968

Source: U.S. Department of Commerce 1962-1968

1966 COMPARATIVE TEXTILE TRADE BALANCES FOR SELECTED LESS DEVELOPED COUNTRIES *

Millions of U.S. Dollars

CHART III

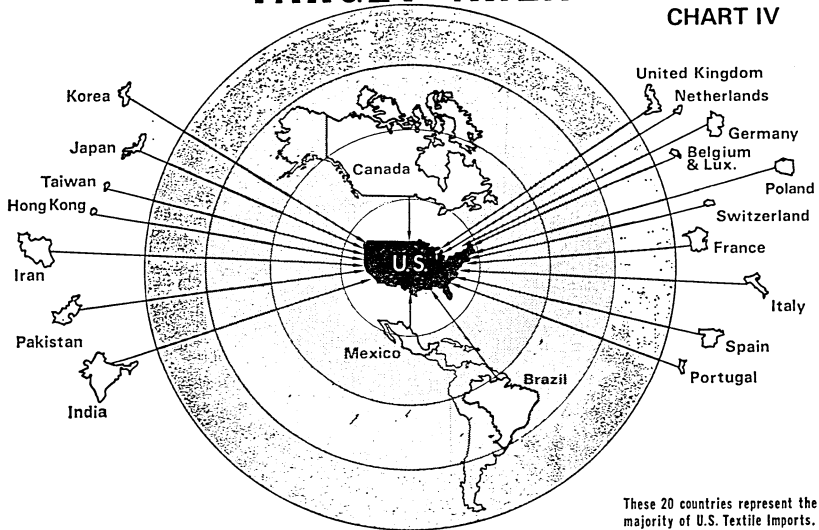


* Selection of LDC'S based on random sample of 19 less developed countries, excluding Hong Kong, and the African Nations.

Source: United Nations

TARGET AREA

CHART IV



Mr. DENT. Mr. Chairman, at this time I would like to submit for the record the statement of Merle S. Robie, chairman, executive committee, Cordage Institute.

The CHAIRMAN. Without objection that will be done at this point.

STATEMENT OF MERLE S. ROBIE, CHAIRMAN, EXECUTIVE COMMITTEE, CORDAGE INSTITUTE

The Cordage Institute, which is composed of practically all of the rope and twine producers of America, welcomes the opportunity to submit this statement to the Committee. Our position was included in the presentation of the American Textile Manufacturers Institute.

As the Committee is aware, cordage products have traditionally been included with other textile fibers and textile products for duty and customs purposes. The Tariff Commission also recognizes this fact and among other evidence on this point is the reference made to cordage in the recent report to the President on Textiles and Apparel. However, since certain of the problems of the Cordage Industry are unique, we feel it important that the Committee recognize the cumulative effects of growing imports of textile products and the ultimate effect on the ability of the Cordage Industry to produce rope and farm twines in the event of a national emergency. We are familiar with various bills that have been introduced in the House of Representatives to effect relief to the Textile Industry as a whole. We support the purposes of these bills and believe they are essential to the continuation of one of our country's basic industries.

The bill, H.R. 11578, introduced by Mr. Mills, is typical of those presently pending before this Body. However, we would earnestly recommend to the Committee that the definition of "textiles" used in H.R. 13256, introduced by Mr. Utt, and the identical bill, H.R. 13755, introduced by Mr. Stratton, be used in lieu of the definition in H.R. 11578. These two bills are the same as the bill introduced by Mr. Mills with the exception that their definition specifically includes cordage products. We believe that the Congress will continue to apply the same treatment to cordage products as it does to other textile products. However, in administering such legislation it would be possible, even though inaccurate, for the Federal Agencies to exclude the cordage products if the definition does not specifically include them. To repeat, cordage products are now

included within textile products for duty and customs treatment and as this Committee has heard, the sponsors of legislation dealing with textiles are in complete support of our suggested amendment.

Cordage products from both natural and man-made fibers are essential to various segments of our American industry. Ropes and cables for domestic maritime use, farm twine and industrial twines are vital to our business and industry. The natural fibers used in the production of these commodities are imported. In the field of man-made fibers nearly all of the raw materials for cordage products are made and produced domestically. The end products made from these raw materials are so important to our country in time of national emergency that the Government has in the past maintained and still continues to maintain a stockpile of natural fibers for the making of ropes and twines. During World War II the United States and Canadian Cordage Industries were producing, of necessity, the tremendous quantity of rope and twine needed for the war effort. In 1945 there were 22 members of the United States Cordage Industry operating 23 mills. As the effects of the War in Europe were overcome imports of cordage products from Europe began to come into the United States in significant quantities. Due in part to the continuing cheapness of labor in the European producing countries and, in the case of farm twines, the absence of duty of any kind, such imports grew at an alarming rate. The net effect has been that of these 22 companies with 23 mills in 1945 there are now only 10 companies operating 14 mills. There is no question but that the number of mills being operated will be further reduced if the usurping of United States markets by imports is allowed to continue. One way to show the effects on the domestic production is to look at the record on hard fiber rope. We start with 1955 by which time the foreign industries were again producing at what should have been their normal productive rate and bring the statistics to 1967.

During this period the growth in the use of synthetic ropes in the U.S. market reduced the market for hard fiber rope from 105,000,000 pounds per year in 1955 to approximately 72,000,000 pounds in 1967. This total figure for 1967 is not truly representative because in 1966 and 1967 there were large increases in demand for rope due entirely to an increase in demand for hard fiber cordage by the United States Government to meet the needs of the war in Vietnam. However, the commercial market for hard fiber rope has declined over 53% since 1955. Yet, during that same period imports of hard fiber rope into the United States went from 7.6% to approximately 25%. Obviously, the United States manufacturers are now selling about 45% less than what they were selling in 1955. The trend continues downward.

In the case of synthetic ropes the trend is exactly the same, but since the use of such ropes is still in its infancy the figures are not presented since there is no historical base for accurate comparison. The facts are that the American Industry pioneered the research in the use of synthetics in the production of rope and twine and were hopeful that this new development would restore its position in the American market. However, the foreign manufacturers are now producing and selling synthetic ropes at a price level which will make it impossible for United States manufacturers to compete once the Kennedy Round rates are in force. The only way that we can hope to continue supplying our part of the American market is if Congress assures us of a reasonable portion of that market.

The effects of such continued decline in American production is bringing about a corresponding decrease in the availability of spinning capacity to produce rope and twine not only to meet the requirements of industry but more importantly it will make it impossible for the United States to produce its requirements in event of national emergency. As we pointed out above, in World War II the United States was able to increase its production almost three-fold in order to meet our requirements. This, with support from contiguous foreign nations, enabled us to meet our emergency needs. We wish that we could say that is the case today. Due to the reduced number of cordage companies and the decline in spinning capacity, we seriously doubt that today we could repeat our efforts of World War II. Certainly if the industry continues to decline our country will be faced with an unacceptable risk of shortage in the event of war. This applies with equal force to contiguous nations producing cordage products.

Our country spends considerable sums and energy to assure that we will have an adequate mobilization base to meet our emergency requirements. In some areas preference is given for the purchase of American products. In

others, outright subsidies and grants are used to keep a sufficient domestic base available. Unfortunately this has never been true in the cordage field. Yet, without cordage products, much of the essential support for products and equipment made from protected mobilization base facilities will not be available within our country. Yet, all our industry is asking in the way of help is the opportunity to continue in production.

Unfortunately, information on military requirements for cordage products in wars of various sizes is classified and, therefore, is not available to us. We are certain that they could be made available to your Committee. Certain facts that are apparent as to the effect of the decrease in production capacity are revealed from the relatively modest increase in demand for cordage required for the Vietnam war. The requirements have indeed increased but in relation to those of World War II are not significant. Yet, this somewhat modest increase has caused problems for the domestic producers of rope in supplying promptly their commercial users such as the shipping industry and others indirectly involved in war-supporting activities whose demand has also increased.

The development of a demand such as was known in World War II would certainly force the country into overall industrial mobilization. Unfortunately, there is not sufficient capacity of trained manpower or productive machinery within the Cordage Industry to meet such an increased demand. It will be argued by some that with our modern facilities some of the "twine" spinning plants have the capacity to be converted to the making of rope. Mechanically this may be true, but practically it is untrue. The same pressures that would require the increased production of rope would result in a marked increase in the demand for farm twines to meet our new emergency requirements.

Over the years, the Cordage Institute has endeavored, on national security grounds, to obtain the relief established in the Reciprocal Trade Act to bring about the establishment of quotas to help maintain its production capacity. The predictions made by the industry as to the decline in capacity which would occur if something was not done to control imports have unfortunately proven to be true. The Agency within the Administration which administers this section has been so impressed by the never changing opposition of the foreign countries expressed through our State Department and by the theories advanced by the exponents of "free-trade" that these petitions have always been rejected. Since the present law has not met the needs it is reasonable that the Congress re-evaluate the security implications of increased imports in general and on the textiles and cordage imports in particular.

The Congress has in the past established a workable format in controlling imports by ratifying the Laurel-Langley Treaty with the Philippines. This was done in 1954 and the Congress assisted the Philippines by assuring them a segment of the United States market and at the same time limited the amount of such imports by establishing a fixed quantitative quota on several products of the Philippines including hard fiber ropes. Unfortunately, the decline in demand for hard fiber ropes, due to the advent of synthetics in the market, has made the quantitative quota much too large in relation to the remaining domestic market and it must be re-evaluated during the discussions presently being conducted between the United States and the Philippines in reference to a possible extension of the Treaty. The point is that those who object to quantitative limitations overlook the fact that they are both a help to the foreign producer and importer and at the same time a protection to the United States producer.

We are aware of the Administration's desire that no restrictions be placed on imports into the United States in any field. However, we believe that such a broad position which any normal businessman would be inclined to support must be examined in the light of special situations. We in the Cordage Industry of the United States are doing all that we can through research and improved efficiency to remain competitive. If our efforts on which much energy and considerable funds have been spent were effective, certainly we would not be asking for protection. Since the record shows that our continuing efforts are not sufficient to meet the price levels at which foreign rope manufacturers are selling then other relief must be found. To us it only makes sense that this relief take the form of Congressional assurance that the major portion of the United States market is kept available for domestic producers.

Much has been made by the Administration and by those interested in promoting foreign trade that for the United States to impose any restrictions

would be to invite retaliation. While the genesis of these arguments is understood, they leave the impression that such actions would be unique to the United States, and that the only result would be for the foreign governments to immediately retaliate and that chaos would result in our exports and in our foreign trade.

The facts are that many foreign nations presently have various types of restraints on imports. Sometimes arrangements have been worked out bilaterally with specific nations and sometimes they have been established through other devices. The best evidence on this point is a memorandum prepared on December 27, 1967 by the Office of the President's Special Representative for Trade Negotiations. This memorandum dealt with the quantitative import restrictions on wool and man-made textiles. It did not discuss all of the textile items nor did it discuss the many import restrictions established by foreign countries on other products. Without endeavoring to quote out of context from this memorandum a few quotations make it clear that on the items covered in that memorandum and as this Committee well knows on many other items import restrictions have already been established by many foreign countries. We are not aware of any resulting retaliation caused by such measures which has adversely affected the trade between such countries nor has chaos resulted. The paper started out by saying:

"This paper identifies quantitative import restrictions that have been applied in the calendar year 1967 against wool and man-made textiles by 12 foreign countries—Austria, Belgium, Netherlands-Luxembourg (Benelux), Canada, Denmark, France, Italy, Japan, Norway, Sweden, Switzerland, United Kingdom and West Germany."

The paper also by its definition shows that there are devices other than quotas and it refers to "licenses, 'voluntary' export controls and minimum import prices." The countries mentioned are significant importers into the United States. They are obviously accustomed to import restrictions on materials coming into their countries and presumably adjust their exports to meet the restrictions established by other nations. Therefore, we cannot see how it can be argued that action by the United States to protect its essential industries would adversely affect its foreign trade. To the contrary, we believe it can reasonably be argued that if percentage quotas of the United States market are made available to various nations they will permit a more orderly development of their production. They thereby would avoid the dangers of overproduction and reliance on a market which might no longer be available to them due to imports into the United States from other competing nations.

We recognize the pressures that will be on this Committee and the Congress as a whole on the important question of trade policy. We believe that the Committee members recognize that any trade policy will be meaningless if our industries generally decline and that we cannot properly compete in world markets. We do not believe that either the Congress or the Administration wishes our national security to become dependent on sources that might not be available to us in the event of war. The intransigence of the political structure in some competing nations and their vulnerability to attack constitute an unacceptable risk to our national security and this is not limited to Textiles, including Cordage. We do believe that the record in the Cordage field supports the concern of others in the Textile Industry as to the need for recognition of these essential facts.

In conclusion, we note that the study by this Committee will cover all facets of the foreign trade problem. We recognize that our suggestions are not a panacea for all products and that the decisions that must be taken will be complex and difficult. We believe that the Textile Industry clearly must be given relief if it is to reverse its decline and this relief must be its ability to supply a major segment of our domestic markets. We believe that such action will result in an improved balance-of-payments situation and we know that our mobilization base will be stronger. We trust that the Committee will enact legislation dealing with the Textile problem during this session of the Congress.

The CHAIRMAN. Mr. Darman, you are recognized.

**STATEMENT OF MORTON H. DARMAN, CHAIRMAN OF THE BOARD,
NATIONAL ASSOCIATION OF WOOL MANUFACTURERS, AND IN
BEHALF OF NATIONAL WOOL GROWERS ASSOCIATION**

Mr. DARMAN. Thank you, Mr. Chairman. Mr. Chairman and members of the committee, my name is Morton H. Darman. I appear here today as chairman of the board of the National Association of Wool Manufacturers, 1200 17th Street NW., this city. I am president of The Top Company, 470 Atlantic Avenue, Boston, Mass., a manufacturer of wool tops.

The association is the national trade organization of the wool textile industry. Its members manufacture more than 70 percent of the textiles made in the United States on the woollen and worsted systems, except carpets and rugs. The Boston Wool Trade Association, representing almost all the wool dealers of this country, is an affiliate of our association.

I am also speaking on behalf of the National Wool Growers Association, which represents the quarter million producers of raw wool in the United States.

The wool textile industry is situated principally in the southeastern, New England, and Middle Atlantic States, although there are mills in 32 of the 50 States. Wool is grown in all 50 States of the Union, principally in the Rocky Mountain States, Texas, California, and certain of the Midwestern States.

The wool manufacturing industry of the United States provides the only market for domestically produced raw wool. Therefore, the welfare of the wool growing industry is directly related to the health of the domestic wool textile industry.

In this connection, I should point out that Congress in enacting and extending the National Wool Act of 1954 has declared that production of raw wool in the United States is essential to the national security; but wool has no security value unless the capacity exists within this country to manufacture it into usable textile products.

Mr. Chairman, we concur in the statement of Mr. Frederick B. Dent, president of the American Textile Manufacturers Institute, Inc. To conserve the time of the committee, I shall limit my testimony to a discussion of the impact of wool textile imports upon the domestic industry, and the necessity for reasonable limitations upon these imports such as would be provided by your bill, H.R. 11578, which is cosponsored by nearly half your colleagues in the House.

At the outset, I wish to emphasize that the U.S. market for wool textiles has been penetrated far more deeply by imports than has the market of any other segment of the domestic textile industry. At the same time, however, I stress that the wool textile import problem will not be solved absent an industrywide all-fiber remedy as contemplated by the pending legislation.

Within the past 10 years the ratio of wool textile imports to domestic consumption has grown from 9.3 percent to an all time record high of 22.2 percent, according to the most recent Commerce Department statistics. Quantitatively, such imports in the first quarter of this year exceeded those of the corresponding period in 1967 by 20 percent.

While on an overall basis wool textile imports have now taken in excess of one-fifth of the U.S. market, in some areas the penetration has progressed much further. In the case of worsted cloth, for example, imports have grown to the point where they now exceed 50 percent of U.S. production, and one of every two regular weight men's suits produced in this country is made of imported cloth. One women's knit sweater is imported for each one made in the United States.

I shall not belabor the severe dislocation which these imports have brought about in our industry, nor the disruption they continue to cause in the U.S. market.

We look to the future, not to the past; and given enactment of your bill, Mr. Chairman, the future holds promise for us.

In the years ahead there is reasonable prospect for expansion of the U.S. market for wool textiles. Population is growing, research on the wool fiber and in wool manufacturing is increasing, and promotion of wool to the consuming public is not only increasing but becoming more effective.

The question confronting this committee and the Congress is, purely and simply, whether the wool manufacturers and woolgrowers of the United States are to be permitted to share equitably in this growth or become mere residual suppliers of the U.S. market.

If the ratio of imports to domestic consumption of wool textiles continues to grow at the rate of the last 10 years, by 1975 it will have reached 31 percent. In other words, whereas these imports now supply over a fifth of the U.S. market, they would in 1975, given no action, supply nearly one-third of this market.

The chart appended to my statement shows that despite periodic "leveling off" periods usually related to cyclical downturns in consumer demand for wool textiles, the trend of import penetration is inexorably upward.

Absent enactment or your corrective legislation, Mr. Chairman, there is every reason to expect that this upward trend will continue, despite the fact that we in the United States are the most efficient producers of wool textiles in the world. Advances in technology, in managerial expertise, and the like are the monopoly of no country and let me assure you that those of us remaining in the U.S. wool textile industry have long since learned that to survive we must stay abreast and, in fact, ahead of every advance, made anywhere, in machinery and technique.

Mr. Dent has cited to you the prevailing textile wage levels in the principal exporting nations. We do not pay our employees at these wage rates; we could not under the Fair Labor Standards Act, and we would not want to do so. It is worth noting that wages in U.S. wool textile mills will increase this year by an average of about 6 percent. This increase alone is more than a third of the average wages paid in Japan, and exceeds wages—total wages this is—paid in South Korea which, starting from zero in 1964, is now the third largest foreign supplier of worsted cloth to the U.S. market.

The unmatched efficiency of the U.S. industry does not offset this wage differential, nor is there reasonable prospect in the foreseeable future of any technological or economic development that would substantially lessen this differential.

The outlook for our industry, unless the pending legislation is enacted, is, therefore, not encouraging. Imports have risen steadily and now supply over 22 percent of the U.S. market for wool manufactures. The emergence of Japan, and other oriental countries with even lower wage rates, as principal suppliers of wool textiles to the U.S. market assures continuation of this trend. And duty reductions made in the Kennedy round may be expected to enhance the growth of certain categories of imports.

As businessmen we must realistically assess the facts. I have outlined to you the situation as we see it. Members of our industry are worried. They foresee the prospect of having to make decisions which they sincerely wish to avoid. Capital is mobile, labor is not. Management has a responsibility to shareholders, as well as to employees. Will the Congress permit development of a situation which forces capital and technical expertise to go abroad to manufacture textiles for the U.S. market? Would such a development be in the national interest? We think not.

We wish merely to have order brought into the present chaotic situation characterized by the relentless trend toward an ever larger share for imports in the domestic market and an ever-decreasing share for U.S. producers.

We therefore see enactment of H.R. 11578 and its companion bills now pending in your committee as a reasonable solution. Reasonable, in that it would permit foreign suppliers to share in an equitable and orderly manner in any growth in the U.S. market. Reasonable, in that it would not give rise to any justifiable claims for compensation by exporting nations. And reasonable, we feel, because it would permit our industry not only to survive but to grow as the Nation grows; with confidence restored, to provide increased employment opportunities not only for skilled American workers but for those Americans presently lacking in skill yet seeking their first opportunity for industrial employment; and to continue to provide the consumer with the finest wool textiles at reasonable prices.

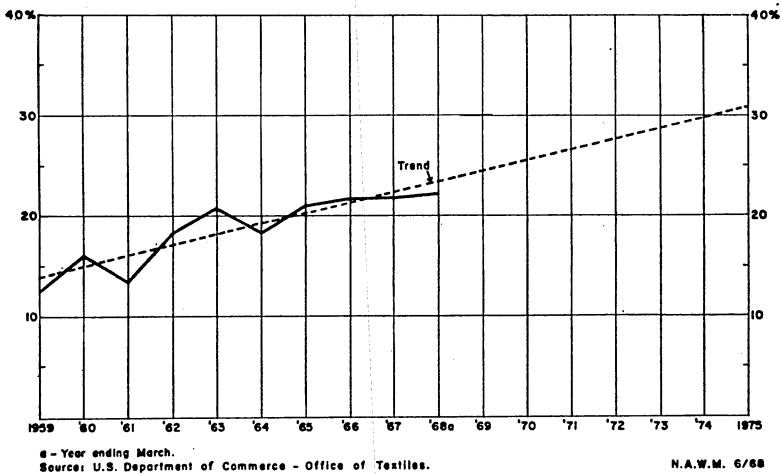
Before closing, Mr. Chairman, I wish to express our association's strong endorsement of H.R. 9931, introduced by Mr. Burke of Massachusetts. This bill, and a companion bill sponsored in the Senate by Senators Talmadge, Bennett, and Muskie (S. 1866) would close the latest in a series of tariff loopholes through which what are essentially wool fabrics have been imported into the United States at rates of duty far below those regularly applicable. These inexpensive fabrics, mainly from Italy and containing a small quantity of non-wool fiber alleged to be the fiber of chief value, have severely disrupted the market for similar fabrics produced in the United States.

The Burke bill adopts one of the recommendations for closing these loopholes contained in a Tariff Commission study of the problem made at the direction of this committee. Although enactment of the Burke bill would in no sense meet the overall wool textile import problem, it would correct a serious inequity facing the several U.S. mills which produce fabrics competitive with those entering through these tariff loopholes.

Thank you, Mr. Chairman and members of the committee, for this opportunity of presenting our views to you.

(The chart referred to follows:)

SHARE OF U.S. MARKET SUPPLIED BY IMPORTS
MANUFACTURES OF APPAREL WOOL



The CHAIRMAN. We thank you, Mr. Darman. Does that complete your presentation?

Mr. DENT. Mr. Chairman, we would like to have one more witness as the concluding portion of our testimony and I introduce Mr. Fulton Rindge, Jr., president of Rindge Industries, who is testifying on behalf of the Northern Textile Association of Boston, Mass.

The CHAIRMAN. All right, Mr. Rindge.

STATEMENT OF FULTON RINDGE, JR., CHAIRMAN, NORTHERN TEXTILE ASSOCIATION, ACCOMPANIED BY WILLIAM F. SULLIVAN, PRESIDENT; ALSO IN BEHALF OF RHODE ISLAND TEXTILE ASSOCIATION

Mr. RINDGE. My name is Fulton Rindge, Jr. I am president of Rindge Industries of Ware, Mass., and chairman of the Northern Textile Association, 211 Congress Street, Boston, Mass.

Also in the room today is Mr. William F. Sullivan, who is president of the association.

The association represents cotton, wool, and manmade fiber textile mills located primarily in the Northeast as well as its affiliated organization, the Elastic Fabric Manufacturers Institute. I am also speaking on behalf of the Rhode Island Textile Association with headquarters in Providence.

I wish to associate myself with the testimony of Mr. Dent and Mr. Darman, who spoke for all of us in the textile industry.

Those for whom I speak support and endorse the Mills bill, H.R. 11578, which has also been introduced by a number of other Members of the Congress.

We support the Mills bill because we consider it a practical and reasonable means of solving the serious import problem affecting all branches of the textile industry in all areas of the country. It will

give to the President and the administration the authority and tools with which to carry out the textile program which the administration adopted in 1961, and which has been reaffirmed many times since. That program, in its simplest terms, was for the purposes of controlling imports of all textiles by quantitative limitations on a country and category basis. Because the program was implemented in part, and because we understood that it would be carried out in full, many of us supported the Trade Expansion Act of 1962. Subsequent efforts by the administration to secure international agreements controlling imports of wool textiles encouraged us. We were also mindful of President Kennedy's statement that "should further authority be necessary to enable the President to carry out these objectives, I shall request such authorization from the Congress."

Now, however, we find that our tariffs have been significantly cut in the Kennedy round; that the administration takes no action and utters no word to carry out the program, and, finally, we are castigated for supporting the program itself.

We can hardly be expected to view the act's extension with anything less than anger and resentment.

The dismal story of the effect of imports on the textile industry has been investigated, studied, and reexamined for the past decade, and I shall not start another recitation. In the interests of brevity, I should like to stress only a few points:

1. The real issue before this committee is whether or not the U.S. textile industry is expendable. Obviously, our costs of production are higher and will remain higher than foreign producers whose wages are a fraction of ours. No amount of theorizing will change this. In a free market, the low-wage producer and the sweatshop will drive the decent employer out of business. Our proposal—the Mills bill, which we heartily endorse—will prevent this while at the same time permitting a large and growing volume of imports of textiles to continue. Unless the principles of the Mills bill are included in the administration bill, it offers us liquidation in return for adjustment assistance—burial expenses instead of vitality, doom instead of hope.

2. In making your decision, I respectfully suggest that the size and distribution of the fiber-textile-apparel complex and its 4 million jobs is of major significance to the national economy, as well as the regions where the industry is concentrated.

In New England and the middle Atlantic area alone, 880,000 people work in over 23,000 textile and apparel plants. New York employs 347,000, more than any other State. Pennsylvania ranks third with 248,000, and in New England, one out of every eight workers is employed in the textile-apparel industry.

3. Lastly, I urge that you reject a policy which would destroy jobs at a time when the creation of productive employment is essential in the war against poverty. Hard-core unemployment exists in many places such as Lowell and New Bedford in Massachusetts; Manchester, N.H.; and Lewiston, Maine. In each of these communities there are at least 2,000 hard-core unemployed, and concentrated employment programs exist for the purpose of putting these people to work. In these communities, textiles and apparel provide substantial job opportunities.

These choices are yours. We feel that the solution contained in the Mills bill is a sensible compromise between the extremes of protectionism and free trade.

Mr. Chairman, I would like to thank you and turn the microphone back to Mr. Dent in case you have any questions.

The CHAIRMAN. We thank you. Mr. Dent, does that complete the presentation?

Mr. DENT. Yes; it does.

The CHAIRMAN. We thank all of you for being with us this morning and for your very fine statements. Are there any questions?

Mr. BURKE. Mr. Chairman.

The CHAIRMAN. Mr. Burke.

Mr. BURKE. I wish to compliment those who testified here this morning. You have indicated complete fairness on the part of your industry as to what you want. You are not asking for a rollback of imports. You merely are requesting a reasonable import policy.

Mr. Darman, I would like to ask you this question. What percentage of Japan's exports of wool fabrics come to the United States and what percentage goes to Europe?

Mr. DARMAN. In round figures, Mr. Burke, slightly in excess of 60 percent of the Japanese exports of wool fabrics come to the U.S. market, while between 2 and 3 percent go to all of Europe, which has a population roughly equal to our own. This market is, therefore, taking 20 to 30 times the volume of Japanese exports of wool fabrics that is taken by all Europe.

Mr. BURKE. Why is this so?

Mr. DARMAN. If you will recall Mr. Dent's testimony and his quotation of Mr. Nehmer, you will readily see that the reason for this is not that the European market is any less attractive to the Japanese than the U.S. market, but purely and simply because the Europeans have constructed a series of arrangements to regulate the flow of Japanese goods into their market.

Mr. BURKE. To your knowledge, have the Japanese retaliated against these European countries?

Mr. DARMAN. To my knowledge, they have not, and in fact many of the arrangements between Japan and the United Kingdom and the EEC countries have been described as voluntary arrangements in that they were negotiated out.

Mr. BURKE. In your judgment, would Japan retaliate if the bills which the chairman and myself, and many others, are sponsoring for an orderly trade in textiles would become law? Do you believe that they would retaliate?

Mr. DARMAN. I would answer that question, categorically, no. In fact, I should like to speak for a moment on the general question of retaliation. Your record is replete with references to the possible retaliation that might occur.

In our judgment, this is spreading a gospel which we think the facts belie.

There is precedent all over the world for what your legislation would do. As Mr. Dent testified, quite correctly, we are not rolling back. We are not even saying that growth in the future will not be shared.

On this basis, it would seem to me that it would be very easy to defend the U.S. position and to take the point of view that, inasmuch as nothing is being taken away and future growth is being shared, there is neither basis for retaliation nor basis for compensation.

Mr. BURKE. Would enactment of this legislation increase the prices of wool textiles in the American market?

Mr. DARMAN. I am glad you asked that question, because I believe it was Miss Furness who addressed herself to the possible implications from the consumer's standpoint. Again here I would say it seems logical to expect that this would not be the case.

If the chairman's bill is adopted the supply-demand relationship in the U.S. market for textile products of all fibers will not be disturbed. The present penetration of the imported product will continue and as growth occurs it will expand in the same percentage as exists today. We will not be disturbing the supply-demand relationship and under these circumstances there should be no inflationary import.

Mr. BURKE. In your opinion, could the wool textile industry's import problem be solved by tariff increases?

Mr. DARMAN. No, sir. This, again, may sound like a departure from our previously held position and, in fact, it is. We are not omniscient and in the past we have come before this committee, and before the Tariff Commission, and before several administrations and suggested that the answer to our problem lay in higher tariffs. As recently as General Eisenhower's administration we had a choice—at least it was ours to make in terms of a recommendation—and I think we chose unwisely; but the fact of the matter is that tariff, given today's pattern of trade, is not the protection that it was in the years past because international trade today is far more sophisticated and there are many ways of circumventing tariffs. Subsidies, as Mr. Dent mentioned, and a whole host of other devices are almost impossible to get at from the U.S. point of view because our Government lacks the power to subpoena the foreign mill or country that may be guilty of the subsidy.

Mr. BURKE. I would like to ask Mr. Dent, is the textile industry ready and willing to offer their services in a voluntary way in these highly unemployed areas, these distressed areas, for the training of the untrained and the unemployable to help them gain skills in the textile industry so that they can be self-supporting?

Mr. DENT. I think that the record will indicate that virtually every textile mill in existence today has a training program and is ready and willing to help people develop new skills so that they can obtain gainful employment. Our associates in the apparel industry located in many of the metropolitan centers are doing the same.

Mr. BURKE. I was greatly impressed by the figures of the people who are employed in New York City in the textile industry where the figure almost equals the amount of people who are on welfare there, and surely I think that some people should start looking at these figures to realize that the textile industry, along with many others like the shoe industry, offers the opportunity to many of our unskilled people to be trained so that they can be in self-supporting jobs and be able to earn a living and support their families.

I think this is one point that you brought forward here that should be impressed upon this committee today, particularly today where in Washington, D.C., they expect 40,000 to 50,000 people in the poverty

march to take place, and here we have American industries which are ready and willing and have shown an indication of their willingness to offer their services and jobs for these people, and I can't for the life of me understand why it is not being taken advantage of.

Mr. Chairman, thank you very much, that is all.

The CHAIRMAN. Any further questions? Mr. Curtis, Mr. Landrum?

Mr. LANDRUM. I am perfectly willing to defer.

The CHAIRMAN. He says it is all right. He wants to take a little more time than he thinks you will take.

Mr. LANDRUM. Mr. Dent, first with regard to the same subject that Mr. Burke was pursuing with Mr. Darman on retaliation, you treated this subject of retaliation and compensation in your statement, I thought, very well; but you didn't touch upon a question that is continually thrown at us about retaliation in regard to our agricultural exports.

I would like to pursue with you just a moment this question of whether or not in your judgment our agricultural exports would be seriously affected if we should enact legislation along the lines of H.R. 11578 or the Mills bill?

Mr. DENT. Mr. Chairman, we, of course, are interested in the strength and the future of American agriculture. It is as much a part of our interest as it is yours.

I think the record is clear that foreign nations who are purchasers of bulk agricultural commodities seek out those areas of the world where they can be purchased most advantageously.

Our own Nation is a very large purchaser of raw jute from India and Pakistan, but we do not tie our purchases in with the export of burlap bags to India and Pakistan.

We buy it for our own advantage. If we look at the record for the year ending March 1967, Japan purchased \$95 million worth of raw cotton from Mexico. Mexico has very stringent import restrictions and, as a result, Japan exported to them \$5 million worth of textile products.

We, on the other hand, do a sizable business with Japan. The Japanese purchased approximately \$144 million worth of cotton from the United States in return for which we purchased \$403 million worth of cotton products from them. The patterns of trade do not seem to be related and crossed with respect to these types of purchases, in our opinion.

Mr. LANDRUM. So, in your judgment, our agricultural exports would not be adversely affected by enactment of any concept of H.R. 11758?

Mr. DENT. That is correct. I think if you look at the record with respect to cotton in the 10 years 1956 through 1966, our imports of cotton textiles increased over 808,000 bales of cotton equivalent, while at the same time our exports of raw cotton declined 1,200,000 bales, so that this great advantage of exports to our farmers would soon choke them to death if permitted to continue.

Mr. LANDRUM. Now, Mr. Dent, in a very general and broad-based version of the bills that are proposed here, and I am one who introduced one of them, we have had the statements made that the impact of those bills would limit the growth of imports and we have been told of the effect that it would have on the American consumer and his choice.

I would like to ask you two specific questions. First, we are told that if we enacted this legislation it would mean higher prices for textiles.

Would you comment on that?

Mr. DENT. Yes, sir. Mr. Landrum, as Mr. Darman previously indicated, the recommendation would not change the makeup of the American market inasmuch as a rollback of imports is not contemplated and therefore those factors, including imports and domestic production, which through competitive forces, have established a market level in the United States today, would still be in effect to the same degree so that it is hard to visualize prices accelerating.

Mr. LANDRUM. Would the enactment of this legislation in any way reduce the consumer's range of choice of textile products?

Mr. DENT. There, again, sir, there is no rollback involved and it is hard to see how it would affect the choice of the consumer. Apropos of your price question, I might observe the fact that the latest Wholesale Price Index for all industrial commodities is 108.

For cotton products it is 105. On manmade fiber textiles, the Wholesale Price Index is 89. The one area in the textile field which is almost completely dominated by imports and which is controlled by foreign sources is that of silk products and the Wholesale Price Index today on silk products is 197, so that you can see that control of supply to this market in the hands of foreigners has led to a great acceleration of price levels, whereas the domestic competition has not only maintained the price level below the average but even reduced it.

Mr. LANDRUM. Mr. Dent, your overall statement indicated that the textile industry is a vast economic complex. I wonder if you could tell us in a little more detail just what contribution this textile industry makes to our economy and what other business activities are affected or depend upon it?

Mr. DENT. Yes, sir. There are approximately 7,000 textile mills scattered throughout the country. There are in the neighborhood of 29,000 apparel plants. Including fiber production these are the largest employers of labor in the country today.

Our textile industry consumes 300 million pounds of cornstarch each year. We utilize for our production processes 16 billion kilowatt-hours of electricity.

In 1966, we purchased 640 million dollars' worth of textile machinery for our plants. In the same year, we spent \$500 million with the construction industries of this country for renovation and expansion of our plants.

The trucking industry moves 90 percent of our finished products. Of course, the railroads handle bulk deliveries of raw cotton. The banking, insurance, and many other service industries are deeply involved with our industry.

I think this gives you a sense of perspective as to our involvement in the American economy as a whole.

Mr. LANDRUM. So, actually, it is interwoven with our entire economy.

Mr. DENT. Absolutely.

Mr. LANDRUM. Now, I want to refer particularly to the statement that was made by one witness last week. Here is essentially what he said. Textiles, oil, steel, and chemicals are noncompetitive and high-cost industries. You made the point this morning that the textile in-

dustry is a model of efficiency, and my own experience compels me to agree with that statement, but with the statement having been made by a previous witness to the effect that the textile people and these others are not efficient, despite the efficiency that we have, and these textile imports continue to grow, I wonder if you could elaborate just a little more fully on what you consider the reasons for these imports.

Mr. DENT. First of all, let me emphatically disagree with the previous witness. The American textile industry is the most efficient. We have visitors every year from every part of the world to see our textile-producing complex.

I think that the rising trend of imports is due to a combination of factors, one of which is that our industry is labor intensive, and advantages can be gained elsewhere on the globe in that respect.

Textile machinery is available worldwide from many sources. The raw material in the form of textile fibers is also available worldwide. Technology is available worldwide, and these factors coupled with our wide-open market condition as compared with the attitude of other governments toward their own domestic markets and industries, is forcing much of the expanding production overseas to come to these shores.

Mr. LANDRUM. Mr. Dent, you have dealt in some considerable detail on the job picture of the textile industry in the American economy. Could you give us some estimate of the effect of textile imports on textile jobs specifically?

Mr. DENT. Yes, sir. Our organization during the recent record year of 1966 had two consulting firms calculate the impact of textile imports on jobs in this country, and they estimated that the equivalent manufacture in this country would involve approximately 200,000 additional American jobs.

Mr. LANDRUM. I am reluctant always to try to reduce eloquence to bluntness, but I thought your treatment of the question of subsidy by other governments of their exporters to this country was accurate and well described the whole picture.

However, I wonder if we could just reduce that to about this sort of bluntness and say that other governments are saying to their exporters, "Go after the U.S. market and whatever it costs you to get it we will reimburse you."

Is that about the extent of it?

Mr. DENT. Unquestionably correct, Mr. Landrum.

Mr. LANDRUM. Now, if this committee and this Congress should fail to impose some semblance of quantitative limitations on the growth of these textile imports, and your industry is forced to continue to absorb this competition, what alternative do you see available to the industry to cope with this problem other than the legislation that is being proposed?

Mr. DENT. Unquestionably we would have to face up to the fact as to whether the U.S. Government wishes us to operate on these shores or, whether in order to preserve our businesses, we would first have to begin importing yarn and fabric from abroad. Then, ultimately, the question would arise as to whether we should make investments offshore and develop manufacturing facilities there in order to produce for the U.S. market. I might mention that at this very moment in Atlantic City, N.J., the American Apparel Manu-

facturers Association at its annual meeting is having a panel discussion of the question of operating offshore.

In other words, they are considering whether they should manufacture apparel offshore for the U.S. market, and if many of their members decide affirmatively, then the American textile manufacturers will be forced to decide whether they are going to supply these customers with foreign production because there certainly would be no reasonable chance that they would pay for American goods to be exported to the Orient to be manufactured into apparel and subsequently exported to the United States.

Mr. LANDRUM. It occurs to me, then, that in the face of these known facts about the impact of the textile imports on American jobs, and those in the departments of our Government that have the job of administering these trade agreements, tariff limitations, and so forth, continue to look upon the increased efficiency, ability of the textile industry, up to the present at least, to meet this unfair competition, and say that we can just continue to go on and on and on absorbing these, and that nothing can ever stop, there comes to my mind—I have forgotten its source—what is known as the Prometheus myth and I am afraid some of us, particularly those who administer the import laws, are looking at the efficiency of this industry and its ability up to this point to meet this unfair competition in somewhat the same light that this myth expresses: “we are eating our own livers and congratulating ourselves on a good meal.”

Would that be a good description of it?

Mr. DENT. I think that is quite accurate.

Mr. LANDRUM. I want to thank you and the gentlemen associated with you for your most detailed and complete statements. Moreover, I thank my friend from Missouri for deferring to me.

The CHAIRMAN. Mr. Curtis.

Mr. CURTIS. Thank you, Mr. Chairman.

First, I would like to get your testimony in a little better context.

Is your association supporting the administration bill? I know that there is one aspect of it that you recommend against on page 16.

You “do not think the textile tariff-cutting authority of more than 5 percent should be granted in the pending legislation.”

Has your association taken a position on the overall administration bill? Do you support it or oppose it or what?

Mr. DENT. No official position has been taken on the trade bill as submitted by the administration but within the recommendations we see a continuation of the trade which we are protesting.

Mr. CURTIS. I appreciate that you are essentially testifying on behalf of the Mills bill; but the subject before the committee, as you know, is a broad one and certainly we are anxious, or at least I am anxious, to receive testimony on the administration proposals from the various associations and industries and labor unions who are testifying.

The administration proposals are not necessarily in conflict with the Mills bill; although you pointed out, from what I understand, that you felt that the trend of the administration bill was perhaps against the theories of the Mills bill. Am I correct in that interpretation?

Mr. DENT. Absolutely, and it is a further continuation of the trend which we have detailed as being unfair trade as opposed to free trade.

Mr. CURTIS. I am going to get into that because that is an area that I am very interested in and have been for many many years as long as I have been on this committee.

I wish the various associations would come prepared to testify on the administration bill because a great deal of it has to do with the machinery of how we move forward in the trade field more than it does with the substantive decisions on what is done. The Congress, I think, has to be primarily concerned with what kind of machinery we establish or maintain which the Executive department is going to have to implement or utilize.

I will get into that a little bit more, but other than this one specific, I guess the industry has not taken a position on the administration bill one way or another.

Mr. DENT. As a whole, we are pleading here for the opportunity to maintain, to create additional American jobs.

Mr. CURTIS. Would you like to see something done along the lines of improving that machinery?

Mr. DENT. We would like to see the Mills bill or that concept enacted which would enable us to continue the jobs and if possible, with our growing population, to expand employment.

Mr. CURTIS. We are all interested in that, believe me.

I would hope it wouldn't be necessary to stress this point but maybe it is and I can't blame you for coming in and pointing out the importance to our society of a strong viable textile industry.

I hope everyone agrees on that. I would add further that I think by and large the textile industry has done a magnificent job and I can say that for most of our industries.

Surely you can make constructive criticism here and there but essentially the industry has done a good job. The problems that face the Congress and the Nation must be seen in that context.

I wouldn't think you would have to plead for a strong viable textile industry. You should be able to take that for granted. What I am trying to direct attention to is just this: How do we accomplish this result in context with all the other industries within our society which include those engaged in importing?

This is a very difficult problem. Your answer, I would respectfully suggest, is not very responsive to my detailed question of whether or not you would want to see the escape clause provision sharpened.

I understand that in the Mills bill there is more reliance on the quota license approach. I will get into that later. In the meantime I am trying to explore whether the machinery we presently have can be utilized or improved so that it can be utilized. If so, the administration bill could be directed toward such improvements.

I will leave this issue at this point, but the record is open and I would be happy to receive a memorandum from your industry with your critique of the administration bill.

Mr. DENT. We would be glad to supply it.

(The following letter was received by the committee:)

AMERICAN TEXTILE MANUFACTURERS INSTITUTE, INC.,
Washington, D.C., July 9, 1968.

Hon. THOMAS CURTIS,
Committee on Ways and Means,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN CURTIS: When I appeared before the Committee on June 19, you asked that I furnish for the record a statement of position on the proposed Trade Expansion Act of 1968 (H.R. 17551). In addition, you invited further comments with respect to administration of the Long Term Cotton Textile Arrangement (LTA), the Kennedy Round results, and the possible effects on U.S. textile imports of increased access to other developed country markets for the textile exports of the less developed countries. This letter is being written in response to your questions, and I hope that it can be inserted in the printed hearings at an appropriate place.

I appeared before the Committee on behalf of six textile organizations. Because the precise language of the Administration's bill became available only shortly before the hearings opened, not all of the organizations for which I spoke have been able to complete their policy determining processes with respect to all aspects of the measure. Hence, I am writing this letter solely in my capacity as president of the American Textile Manufacturers Institute.

TRADE EXPANSION ACT OF 1968 (H.R. 17551)

TITLE I—SHORT TITLE AND PURPOSES

We have no change to suggest in Title I.

TITLE II—TRADE AGREEMENTS

Sec. 201.—Basic authority for trade agreements

Our position was spelled out in our prepared statement as follows:

"Textile tariffs are already too low, as the size and rapidly rising trend of imports indicates—and further cuts are already scheduled for each of the next four Januarys. However, we recognize that the government may need 'house-keeping' negotiating authority. The Administration is proposing that the unused portion of the 50% tariff-cutting authority of the Trade Expansion Act, which expired a year ago, be restored until July 1, 1970. Textiles were recognized in the Kennedy Round as particularly sensitive to import competition, and hence most textile tariff reductions were substantially less than 50%. *We do not think textile tariff-cutting authority of more than 6% should be granted in the pending legislation.*

"The Special Trade Representative told the Committee on June 4 that 'it is not our intention to engage in any major negotiations . . .' The 5% authority should herefore, be more than ample. There is no reason to expose sensitive products like textiles to the possibility of larger tariff reductions."

Sec. 202.—General Agreement on Tariffs and Trade

As the Congress has never yet formally approved U.S. membership in GATT, it would appear that the Bill's request for a continuing authorization of annual appropriations to finance the U.S. share of GATT expenses is premature.

TITLE III—ADJUSTMENT ASSISTANCE TO FIRMS AND WORKERS

This Title improves the present criteria for adjustment assistance—which have been inoperable since enactment in 1962. However, our industry's long experience with the Escape Clause and other Tariff Commission relief procedures convinces us beyond doubt that this is not an avenue for dealing practically or meaningfully with an industry-wide import problem—certainly not for a large and diversified industry such as textiles. In fact, an examination of the complete record of the Escape Clause mechanism from the time it was first enacted in 1951 until now certainly must leave any objective examiner with the firm conclusion that such procedures for the most part have been used as devices to delay, frustrate, and eventually to deny broad-scale relief for any industry. A major exception, of course, has been relief for agricultural products under Section 22 where such relief was requested and/or supported fully by the Executive Branch.

With this background, our industry could hardly be expected to have any faith or any interest whatsoever in an Escape Clause concept of relief. By its nature it will always be too little and too late. We favor instead a trade policy that will preserve the overall health of the American textile industry and thus avoid creating problems of the sort contemplated by the Adjustment Assistance approach.

TITLE IV—NONTARIFF BARRIERS TO TRADE

This Title would eliminate the American Selling Price system where presently used by the Bureau of Customs in valuing imports for duty purposes. Benzenoid chemicals—the major products affected—encompass dyestuffs used in large volume by U.S. textile mills, and we are highly interested in the maintenance of a healthy dyestuff industry here at home.

Great technological innovation has taken place in the textile industry. Forty percent of its products on the market today had not been developed twenty years ago. Processes such as soil release, permanent press, and resistance to mildew are of very recent origin. Much of this progress is due to new developments in the finishing of textiles involving highly sophisticated and complex chemical products. In addition, these finishing techniques require expanded research in the development and application of dyestuffs. As such, the textile industry is increasingly dependent upon the nation's chemical industry. It is essential to our efforts to achieve at least temporary technical superiority that a strong and resourceful chemical industry, including its benzenoid sector, be encouraged in order to continually provide the textile industry the new products which it will need.

The American Selling Price was originally established to assure that U.S. users of benzenoid chemicals, among which the textile industry is very prominent, would not again be at the mercy of foreign monopoly suppliers. We think that ASP is continuing to serve the essential purpose for which it was originally instituted, and we are, therefore, opposed to its abolition.

TITLE V—ADJUSTMENT ASSISTANCE TO FIRMS AND WORKERS IN AUTOMOTIVE INDUSTRY

We have no changes to suggest in Title V.

ADMINISTRATION OF THE LONG-TERM COTTON TEXTILE ARRANGEMENT (LTA)

As pointed out in my prepared statement, cotton textile imports have doubled since the GATT control mechanism was developed in 1961. While the GATT Long Term Arrangement for Cotton Textile Trade (LTA) contemplated a 5% growth in imports, actual import growth under it has been in excess of 10% per year. This has been due primarily to the failure of the United States government to promptly administer its rights and responsibilities under the LTA in the best interests of our nation.

The LTA protocol provides that when a country finds its cotton textile market being disrupted by shipments from another country, it may request the other country to restrain its exports. However, the restraint level requested cannot be lower than actual imports of the product from the second country in the first 12 of the 15 months immediately preceding the request. In most instances the restraints cover a period of 12 months.

If the exporting country refuses to honor the restraint request, then the importing country is authorized to restrict imports to that base level. Because the mechanism has been mutually agreed on in the GATT Cotton Textiles Committee, no compensation or retaliation is involved, as would be required under escape clause action, for example.

For mutual ease of administration and to reduce market disruption, there has been increasing reliance upon bilateral agreements under the Long-Term Arrangement. Article IV of the Arrangement specifically authorizes such bilaterals. We now have them with 22 countries. In every instance they cover 100% of the import trade; i.e. all categories of cotton textile products.

So far as restraint requests are concerned, there has been much import growth due to failure of the U.S. government to invoke restraints promptly; hence, the authorized base level has grown unnecessarily prior to invocation of the restraint by our government. Where bilateral agreements have been the instrument of control, too many negotiating plums have been granted in the shape of larger than necessary quotas to induce signature of the bilateral by the other country even though we have been granting them a share of our market.

A total of 64 different categories of cotton textile products—covering between them all such products—has been used by the United States in administering the LTA. In the most recent years, particularly in connection with bilateral agreements, the United States has merged various of these categories and allowed wider quota “swings” between categories by the exporting country as well.

Indeed, there is no bilateral which includes a specific level for each of the 64 categories. Thus, it is true to say that the negotiation of the bilaterals has, in effect, weakened the category structure.

Apart from category mergers, and even more serious, is the consolidation of groups of categories in a number of these bilaterals. For instance, yarn and fabric are combined in the Indian bilateral. Colombia and Israel have been granted a “free swing” into yarn from other product groups; indeed, if they so choose they can switch all their remaining annual quota over into yarn very late in the agreement year, with disruptive effects.

Negotiation of a bilateral agreement on cotton textile trade with Mexico illustrates many of the problems involved. When negotiations started in 1965 we were importing 14 million square yards of cotton textiles per year from Mexico. The terms of the bilateral were finally agreed effective May 1, 1967; the total quota was set as 75 million square yards per year with, of course, future growth built in. In 1966 and early 1967, a total of 185 million square yards poured in ahead of the May 1 control date.

There are six government agencies—the Departments of State, Treasury, Agriculture, Commerce and Labor plus the Trade Negotiator's Office—which administer the LTA for the United States. All basic policy decisions of this group must be unanimous. It frequently takes several months to arrive at agreed policy, during which period of time, of course, imports continue to rise. Because the LTA control formula specifies a base equal to imports in the first 12 of the 15 months immediately preceding the control action, delay can be extremely costly to the domestic industry.

The Mexican negotiating experience illustrates this problem, but it is by no means the only example in the history of LTA administration. Indeed, other import increases have arisen from failure of several of our bilateral partners to enforce agreed export controls.

The LTA statistical and administrative techniques developed, particularly in the Department of Commerce which chairs the Interagency Textile Administrative Committee, are most efficient. Given prompt policy determination, the LTA could work quite satisfactorily.

KENNEDY ROUND

The United States in the Kennedy Round reduced textile tariffs. As calculated by the Department of Commerce the depth of these cuts weighted by 1965 trade was as follows:

[In percent]

	Yarns	Fabric	Apparel	Made up	Miscellaneous	Total
Cotton.....	27.2	24.7	16.3	24.7	33.4	20.8
Man made.....	37.3	18.2	5.7	28.7	30.4	14.8
Wool.....	2.7	1.4	1.4	38.3	34.6	1.8

The first fifth of the agreed cuts went into effect January 1, 1968, Japan, Britain and the Common Market made the first two-fifths of their agreed cuts on July 1. Clearly, it is too early for any real appraisal of the effects of the Kennedy Round on U.S. textile trade; for one thing, additional cuts are scheduled for each of the next four Januarys. It is at least of interest, however, that in the first four months after the U.S. tariff reductions—January 1–April 30—U.S. imports of cotton, man-made fiber, and wool textiles and blends thereof jumped 15.2% over the same months of 1967 to a new all-time high annual rate of 3.2 billion square yards. At the same time, U.S. textile and apparel exports during the first quarter of 1968 were valued at \$169 million as contrasted with \$184 million during the same period of 1967—a reduction of \$15 million.

In Europe, which has perhaps the greatest export potential for U.S. textiles, we anticipate no help from the Kennedy Round. It is non-tariff barriers—particularly the border tax—which are the greatest impediment to exporting U.S.

textile products to Europe. The Kennedy Round did nothing for us here. Indeed, the import quota and export subsidy program recently announced by France undoubtedly will increase the pressure on the U.S. to accept even greater volumes of textile imports.

Most developed countries continue to use various non-tariff barriers to restrict their imports of textiles from the less developed countries and Japan. Indeed, the United States is the only major textile country which does not do so. However, even if the other developed countries substantially liberalized their imports of textiles from the less developed, our textile trade problem would not be solved. Studies by the OECD Textiles Committee in Paris, the International Textile Federation in Zurich, and others, indicate a rapid expansion of textile capacity in the less developed countries, and they can easily expand that capacity further to supply additional textiles to other developed countries as well as the United States.

The real solution to the United States textile trade problem is prompt enactment of the Mills Bill (H.R. 11578).

Sincerely yours,

FREDERICK B. DENT, *President.*

Mr. CURTIS. Questions I am asking most witnesses relate to the effect of the Kennedy round on their industries.

One of the things I hope that this committee will do is to evaluate the Kennedy round. I was very active in following it, but I was trying to follow essentially the working of the machinery. I did not get involved in the substantive decisions.

I deliberately didn't get involved in substantive decisions. I have told people that and it is very true that my mind is open on whether or not the Kennedy round was an overall success.

One way I can evaluate the Kennedy round is by listening to the testimony from the industries who themselves were involved as to what they think the impact has been. Essentially I would say the impact wasn't great on the textile industry because we left out of the Kennedy round, or left in it you might say, the extension of the long-term Cotton Textile Agreement right?

Mr. DENT. Mr. Curtis, I think that the record will have to speak clearly for itself. Imports of textile products into the United States reached a peak in 1966, and declined slightly in 1967. The only experience since the Kennedy round became effective is the period of this year since January 1, and during this period imports into this country have gone up 14 percent over the record rate of 1966. The decline of 1967 has been completely reversed.

Mr. CURTIS. Wait a second. The Kennedy round has not gone into effect yet.

Mr. DENT. The first of January the first cuts became effective.

Mr. CURTIS. This is what I want to know. Were there cuts that affected your industry. What were these cuts? What are your anticipations? This is what I would like to have on the record.

I don't know. Don't misunderstand me. I have had plenty of people tell me behind closed doors their views but the way to move this dialog forward is as we are trying to do here in a public hearing where a statement can be made, where those who disagree can rebutt and those who then disagree with the rebuttal can have the opportunity for rejoinder.

Here we are now in public hearings and I would like to, if the industry cares to, have you given us a critique of the Kennedy round. Perhaps the better method is through a considered memorandum.

Actually, the the preferable way would have been to have had that as part of your statement and then I could have raised questions on it.

Certainly I would like to have a response at this time if you care to make it but I am more anxious to get a rather complete memorandum from your industry on your evaluation of the Kennedy round.

Mr. DARMAN. Mr. Curtis, I would like to comment if I may at this time and get it on the record now rather than awaiting a written memorandum because there are some substantive, questions that I would like to spread before you for your consideration.

First, I think that most of us could quickly agree that it is really too early to evaluate the Kennedy round in terms of its overall impact and that anything that we offered in writing today would merely lay us open to speculation on the part of those who might not share our view as to the future impact.

The United States has in fact made its first cuts January 1. The EEC, for example, still has yet to make its first reductions, so that this is too early in the game to talk about that.

Mr. CURTIS. Could I interrupt there on just one point. One of the things that I have hoped was going to come was the opening up of European markets for example to Japanese textiles which might remove some of the pressure on our market. You could comment on that; could you not?

Mr. DARMAN. Yes, sir; I would be delighted to.

Mr. CURTIS. This is the kind of thing that I want. I appreciate that in many areas you would be reluctant to comment for the reasons you gave—that it is too early and we are dealing in expectations. But to the extent that you can give us the benefit of your views; will you do so?

Mr. DARMAN. I think this is a most appropriate body before which to raise what is to us a very substantive question having to do with the future of international trade as it affects the United States.

This bears on the Kennedy round but I would be raising the same question if the Kennedy round had never occurred.

Since the Kennedy round negotiations were concluded, we have seen a devaluation in the United Kingdom. The pound was reduced officially from \$2.80 to \$2.40.

I suspect without knowing that this was not taken into consideration in toto by the parties at the time that they attempted to set up some equilibrium in the world.

However, at the time that devaluation occurred, in theory at least the British had a further 14-percent advantage in international trade with their currency having been reduced. This advantage was at least potentially real because the rest of the major industrialized countries of the world agreed to stand by and not take any similar action.

Since that time, the pound has not shown any strength. On the contrary, speaking as the head of a company that imports a substantial amount of wool which is traded in British pence, I know from personal experience that as recently as last week my company could buy the pound for forward delivery 12 months at \$2.28 a pound as against the present official rate of \$2.40.

This is a farther reduction, Mr. Curtis, of 5 percent.

There has been speculation around the world that many major currencies were going to decline in value. There has been talk of the dollar to gold, there has been talk of the weakness of the dollar, of the pound, more recently the Japanese yen, the Australian dollar, and the French franc since the most recent episodes in France.

When you get to the bottom line, however, people talk around the world, they are thinking of the necessity of adjusting their currency in terms of the dollar. When they talk about the weakness of the pound they are thinking about the weakness of the pound in relation to the dollar. When they talk about the weakness of the franc it is in relation to the dollar.

Discussion of the weakness of the yen concerns Japanese involvement with respect to reserved currency holding of sterling. Recently when the Japanese expanded their trade with China, prompted by French persuasion they entered into an arrangement with China to have the franc be the settlement currency whichever way the balance went. For the first time the French franc became an international currency for settlement of other than French affairs.

I personally queried the trade negotiator on this matter and did not get an answer. Perhaps this committee could obtain an answer. Looking ahead beyond everything that has been indicated in conjunction with the Kennedy round, there is a realistic international problem as to the relationship of balances of trade and values of currencies to the dollar.

The approach which many countries are attempting to use and which has been used in the past is to devalue in relationship to the dollar.

Any future devaluation puts all U.S. industry in a much weaker competitive position. Would you not agree, sir?

Mr. CURTIS. I certainly would.

Mr. DARMAN. Secondly, more recently the economists who have been looking at this problem have been saying, "Well, the answer lies not in the area of a new devaluation from \$2.40 for the pound to \$2, but rather in an approach that says, 'let these currencies float and just let them seek their own level in international trade.'"

This may be economically defensible and I think a case can be made for some of this but, gentlemen, I submit to you that the only protection for orderly international trade which can exist in the face of floating currencies must be some kind of international arrangements that provide for quantitative restraints because without these the flood gates are open. We who are holding the currency against which all other countries except the West German mark and the Swiss franc are pegged will be those who suffer the most, and this applies not just to textiles but to all U.S. industry.

Mr. CURTIS. I couldn't agree with you more. In fact, that is one of the reasons that for years I have been trying to plead unsuccessfully for us to maintain the integrity of the dollar. I am afraid that your logic is sound, that if you do not have an international medium of exchange that has credibility, you do move into the area of quantitative restraint. I think I can picture in my own mind's eye what that means in world trade. It means going backward eventually leading to the barter system.

I would at any rate appreciate further points on the Kennedy round. I would like to leave this issue now, and if you care to, you can submit

a memorandum on the actual impact of the Kennedy round to the extent that you can say at this time.

I have a collateral question which is somewhat the same thing. What indeed has been the impact of the long-term cotton textile agreement.

Your paper here is a revelation of what has happened and yet you are really asking a further extension of the long-term cotton textile agreement to cover a broader aspect of the textile industry; in other words, wool and manmade fibers. Am I correct in that simplification?

Mr. DENT. It is correct that we seek to have some sort of import restraint on all fibers.

Mr. CURTIS. Do you think that the long-term cotton textile agreement hasn't worked because it is difficult to police the quantitative restrictive approach to trade?

Mr. DENT. There is no question that the long-term cotton textile arrangement has had some influence in limiting cotton textile imports.

Mr. CURTIS. You say there is no question. That is what I am raising as a question and asking for you to state your reasons why you have reached this conclusion. You may be correct. I am just saying let's don't beg the question. Let's look at it.

Mr. DENT. It has in some instances restrained countries from exporting to this market all that they would have liked to have if it had otherwise been completely open.

Mr. CURTIS. If I can interrupt, your argument is not that it would have been worse but for the long-term agreement, because as I understand your testimony you are saying that you are in a critical situation now even with the long-term cotton textile agreement.

So that I think my question is a very appropriate one. If this kind of medicine has not solved the problem why do you want to take more of it?

Mr. DENT. Let me explain. When the cotton textile arrangement was negotiated circumstances were different from those today. For instance in the area of mens' and boy's dress shirts such as we are now wearing, the U.S. consumption was approximately 92 percent all cotton and about 8 percent was manmade fiber or blends thereof.

During the last marketing year this was absolutely reversed to where today 92 percent are synthetic or blended shirt which means that that segment of the market—and it's just an example of what has happened across the board in apparel—has come out from under coverage of the long-term cotton textile arrangement.

Furthermore while the long-term cotton textile arrangement has exerted some restraint on cotton textile imports, it has one weakness which the record indicates clearly to us. That is that the administration of the arrangement has permitted cotton textile imports to grow beyond anything contemplated when it was negotiated.

We have permitted so-called one shots. We have permitted swings and sways and various other devices which have greatly widened access to our market.

Mr. CURTIS. In other words, you are now saying that those who were charged with administering the long-term cotton textile agreement have not been administering it along the lines that at least the industry would have liked to have seen. Am I correct in that statement?

Mr. DENT. I think that is correct. There have been too many times when it has been liberalized far beyond reason.

Mr. CURTIS. Well, you see, this gets to a problem that has come up in previous colloquy. Other witnesses have said Congress ought to get into the act more and I point out that, whatever Congress does by writing laws and putting in guidelines, when the chips are down people have to administer the laws. That is, the executive branch of the Government administers them. I am wondering whether we should simply write more laws when the laws that we presently have are not administered the way I myself have thought they were supposed to be administered.

But on the other hand, it is perfectly proper to discuss whether we can improve the laws themselves hoping that future administrators will administer them properly.

But from what you have just said, I must conclude that the long-term cotton textile agreement has not produced the results that you want, that really your argument is that things would have been worse but for it, but they are still bad with it. Is this a fair statement?

Mr. DENT. The long-term cotton textile arrangement deals with only one segment of our industry which today is multifiber.

Mr. CURTIS. You are talking about other things. I want to first know whether I am making a fair statement. This is what I said, again simplifying the main thrust of what you are after now is to make the long-term cotton textile agreement more comprehensive to include wool and manmade fibers.

Is this a fair statement? Is that what you are really saying you want to do?

Mr. DENT. No, sir. This legislation which we are endorsing gives the President negotiating authority to come to agreements covering manmade fibers and wool textiles. It recognizes our obligations under the existing cotton long-term textile arrangement for its duration but it substitutes the will and direction of Congress for administratively negotiated long-term cotton textile arrangement.

Mr. CURTIS. Then you are not extending the agreement manmade fibers?

Mr. DENT. Yes, sir, we definitely are in the legislation.

Mr. CURTIS. I want to let you fully explain. I am simply trying to explore this issue and get it on the record. Just because I say it, don't resist the statement if it is true. I think extension of the agreement is one of the things you are trying to do.

I am not for or against. I am trying to find out what you really want. I also want to find out the machinery that you would change in your proposals.

Again I resort to requesting a memorandum, if that is the better way to proceed. If you care to I would like a response as to just where you think the present machinery in the long-term cotton textile agreement is ineffective, where the law—and you have already brought that out—needs to be changed to be more comprehensive. You think that if we include manmade fibers and wool and possibly change the machinery somewhat that then your industry will be able to move more smoothly. Am I correct? (See letter dated July 9, 1968, on p. 2388.)

Mr. DENT. That is correct.

Mr. CURTIS. One other thing. Is it your concept that this would be permanent legislation, that we would permanently handle the textile

industry through the quantitative approach, or is this to be a temporary measure until something else transpires.

Mr. DENT. I think that the question there relates to how soon the developing countries will move forward in raising their standards of living to where their people live as our people do.

Mr. CURTIS. I think this is very responsive. Let me go to another area then and I might say I join with my colleague Mr. Landrum in complimenting you for your presentation and analysis of the various techniques employed by nations abroad which, in my judgment if proven, constitute what I call unfair trade.

I assume though from your answer that just eliminating these unfair trade practices would not put the domestic textile industry in a position where it would not need the quantitative restrictions.

In other words, it still would be essentially the labor cost item that bothers you. Am I right in that assumption?

Mr. DENT. Yes, sir: you are.

Mr. CURTIS. How much do you think getting rid of these unfair trade practices would be of assistance? Would that be of assistance? Is this the direction in which you would like to see your Government move, toward eliminating as many of these unfair trade barriers as we can?

Mr. DENT. I think that without question movement in that direction would be most desirable but by the same token from a realistic standpoint our industry could not wait until the millennium has been achieved in this area.

Mr. CURTIS. I am not asking that. I said that this was in light of whether the quantitative restriction quota was to be temporary or permanent. Then I was relating it to whether or not the elimination of these unfair trade practices would put us in a position where we could get rid of quantitative controls.

That was the thrust of my remarks.

Mr. DARMAN. Mr. Curtis, might I make two comments on those observations.

First, with regard to permanent legislation my impression from reading history is that no legislation is really permanent in that, if conditions change, the Congress has the right to change the legislation.

Mr. CURTIS. May I interrupt to say, "and none is temporary."

Mr. DARMAN. But, sir, I would certainly urge for your consideration the fact that we are involved here, in what to many people is, a sensitive international area. Let's face the issue once, not have to face it with threats of retaliation every 2, 3, 4 or 5 years.

Let's be in a position where, when the millenium comes, the Congress can repeal the legislation and gracefully say to the world, "We are doing something for you," and hopefully get something in exchange.

But let's not put this into a form where we have to go through this every 2 or 3 years with all the cries that are engendered, not so much from abroad but in large measure from those at home who don't see eye to eye with the need for facing the world situation realistically.

Mr. CURTIS. Well, of course, I agree with one part of what you say very much. I am afraid—and Mr. Byrnes well expressed it—that we

have a great tendency to cry out *mea culpa* in regard to ourselves.

We have the old puritan guilt complex and I am sort of glad we have got it but on the other hand it can get out of bounds when we fail to see what countries abroad are doing in the way of unfair trade practices.

I think by any measure the United States is by far the freest trading nation in the world today. I think it is good policy, I might add, but certainly we are fair traders if we can define what constitutes fair trade.

If you do feel that eliminating unfair trade barriers is valuable I would think that you would be supporting the administration bill, or at least wanting to keep the present machinery which we have, inadequate as it may be, to try to move in eliminating these unfair trade practices. I am not saying you are not supporting the administration bill, but I am raising this question as to whether you are.

For instance, as I have asked other witnesses: Isn't the countervailing duty machinery of great value? Can it be utilized? Many of these unfair practices you presented here I think might be eliminated through the utilization of this machinery, particularly if we would perfect it and use it.

I think it has gotten rusty because of lack of use or maybe misuse.

Mr. DARMAN. Sir, I can speak from personal experience on the subject of the countervailing duty. It has been imposed in the case of wool top some years back going back to the fifties.

I had the personal experience of being the industry witness against the Treasury Department in conjunction with Uruguayan subsidization of wool textile products coming to the United States several years ago. It was rather an interesting hearing before the Senate Finance Committee.

Briefly what was involved was this: The law we thought was clear. The authors of the law were largely still alive and serving in the Senate. In fact, following the hearing the committee adopted a resolution saying, "We wrote the law. We know what we meant. This is in violation of the law."

The State Department put sufficient pressure on the Treasury Department and indicated that they couldn't ferret out all the facts and nothing came of that.

More recently the National Association of Wool Manufacturers in going over the annual report of the International Monetary Fund noted a bald statement in the annual report which said that Uruguay was subsidizing a certain series of export of wool textile products.

We wrote the Secretary of the Treasury and said:

Here is what the International Monetary Fund, which is an objective international organization, says about these exports. Will you please in accordance with the law invoke the countervailing duty?

Our Government again failed to act. There are two missing ingredients in an approach to countervailing duties. One is that it is almost impossible to have any power of subpoena. It is left to economic attachés or Embassies abroad to try to search out the facts.

They usually come back to industry and say, "See if you can't pick it out" but the fact is that no one is put under oath and it is almost impossible to get hold of anybody's books. The second consideration

involved is that if you had the most effective countervailing duty in the world all that would be countervailed is the degree of penetration that is attributable to the subsidy itself and the basic problem of the disparity in wage costs would still remain.

Mr. CURTIS. No, don't misunderstand me. I don't believe any tool by itself is going to be adequate in the complex field such as we are dealing with. I do raise the question though of whether this isn't a good tool.

In fact, I could see that it could be extended beyond the subsidy approach to include other unfair trade practices.

I certainly don't think it could ever work in getting into the area of wage differentials, but it could in getting at other unfair trade practices.

I have long thought that maybe the countervailing duty could be strengthened. I raise the question of whether it is wise to require proof of damage if what the countervailing duty is relating to is what all have agreed is an unfair trade practice.

We find that in these economic areas it is difficult to prove damages. In our own laws in antitrust enforcement and fair trade laws we have applied the treble damage and other concepts understanding that it is difficult to ever prove damage.

Well now, the escape clause is a third area in a list of tools that might be strengthened. OEP is another one that has come into the picture. Your industry too alleges, and I think with some justification, that you are important to the national security.

Again, how about this tool. Is it adequate? Could it be improved? What has been your industry's experiences because OEP machinery does provide the quantitative approach but it is related to something specific—national security. Does your industry have a view on this?

Mr. DARMAN. Yes, sir, I think very definitely. We will ask Mr. Jackson if he would recite the OEP case.

Mr. CURTIS. Go ahead, Mr. Jackson.

Mr. JACKSON. Robert Jackson, American Textile Manufacturers Institute.

Mr. Curtis, in 1961, I think it was, the textile industry, the total complex, filed what was perhaps the most elaborate case that has ever been filed under that procedure of law, documented in great depth and great detail with an awful lot of manpower hours and expense involved in the undertaking.

That was 7 years ago and there has not been a finding in the case up to now. It is still pending.

So far as I know, incidentally there is only one case that has ever succeeded under that provision of law; as I recall, the oil import quota procedure.

Generally speaking, the attitude of our industry on it would be that it is another mechanic of government that automatically involves a number of different agencies of Government.

It brings into the picture the same combination of Government agencies with all of the cross-purposes and cross philosophies that are involved on any matter of administrative procedure.

It is like the administration of the long-term arrangement on cotton. One of the reasons that we have experienced such difficulties under

it and that there has been so much leakage under it is because there are six agencies of Government involved in its administration. They have to get together.

They have to agree. This involves both the State Department and the trade negotiator's office. They are very often at variance with the positions taken by the Departments of Commerce, Labor, Treasury, or Agriculture, for example.

So we always get back in these administrative procedures to the complications of trying to get our complex Government together in order to take an action, and it is one of the reasons that we and other industries feel that our only recourse is to come to the Congress and to ask for much more specific guidelines for these executive agencies.

Mr. CURTIS. I appreciate that answer. That is very responsive. You actually point out what I have been seeking, which is some advice from industry and those who have actually had to go through these OEP proceedings as to how we can improve them.

I wish I had more knowledge and wisdom on this point as to how we can improve OEP procedures because apparently they are not working.

Again though, we get back to the key question and I don't know what the answer is. You can pass laws until you are blue in the face but, if people don't want to administer them and carry them out, what do you then do?

It isn't just in this trade area. I have seen laws on the books that just remain ignored. Maybe it gets back to the concept that people in high office have, seeming to prefer government by men as opposed to government by law.

I won't dwell on this further.

I do have one little comment. On page 14 you say, "The textile industry is presently supplying an average of 200 yards of cloth for every man and woman in uniform."

In a modest way I think you did get Congress to do something on textiles because there is an appropriation bill now where the law says that the military can't buy textiles from anyone but American producers. Am I correct in that? This would be every bit of cloth that is bought by our Armed Forces.

Am I making a fair statement here?

Mr. DENT. Yes, sir; and I hope the day will never come when we will clothe American fighting men in imported uniforms.

Mr. CURTIS. Well, that is interesting. I think I have made my point. There are ways that assistance to the industry can be done.

Now, I come to what I think is really the key question. We have had other industries before us. I assume that if you think this quota approach is the correct way to proceed for textiles that this is the proper way for others to proceed too, steel, for example, nonferrous metals and just about anyone you can think of.

Is it your recommendation that the United States change its approach on international trade from a multilateral approach—including agriculture which I was very pleased to see got in the Kennedy round—and go back to this business of an industry by industry approach to trade? Do you want to get away from the multilateral trading of nations? Your approach would seem to move us back into the

bilateral approach a great deal more and to get away certainly from the most-favored-nation principle.

Am I correct in saying that your industry does recommend that we change our trade policy approach and move to establishing quantitative methods of regulating international trade industry by industry.

MR. DENT. Mr. Curtis, I think that textiles has perhaps had the longest record of international trade of any industry in existence today. It dates from the days of the Phoenicians.

When the United States adopted the reciprocal trade program in the thirties, a committee, I believe, which represented the executive branch and included Secretary Cordell Hull, recommended that action be taken to voluntarily restrain cotton textile imports from Japan.

I think that the record clearly indicates the existence not only in this country but in many countries of special programs relating to trade in textiles. This is so because of the unique vulnerability of the textile industry in developed nations to low-wage foreign imports. There is a special textile program in this country, although it has not been adequately implemented.

Now, by the same token, I believe that all industry deserves fair and equal consideration and we would hope that an emerging trade policy recommended by this committee would look out for all American jobs, not just textiles but include textiles.

MR. CURTIS. Well, we are all interested in that. Again in response to that, I hope no one involved in this dialog, whatever position they take, is not interested in jobs. When you make statements—as you just did—saying that you hoped that we never would have an American boy in a uniform not made out of American cloth, to me those are red herrings and it makes it difficult for me to carry on a dialog at length.

I am just trying to figure out how you accomplish these results because if you are wrong in your approach you can be the very ones doing the damage to the boy in uniform. You can be the ones who really are cutting jobs out from under our people. So let's don't go off on tangents. Our motives are the same.

MR. DENT. There is no question.

MR. CURTIS. These issues are so difficult that we have to devote a great deal of our brainpower to try to come out with solutions without these kinds of irrelevant approaches.

So that, your point as I see it, and there is merit to it and it is worthy of consideration, is that textiles remain healthy. I would point out that older than the textile industry are agricultural products. I thought that one of the achievements of the Reciprocal Trade Act of 1962 and the Kennedy round was that for the first time we began to treat agricultural products with the same methods that we have developed in our society for regulating and trying to create a fairer climate for international trade.

Agriculture, my heavens, is really involved in the quantitative approach. Arguments of national defense for agriculture cannot be gained by anyone because a country does have to have the ability to feed itself.

But I had thought that the Kennedy round procedure was a step forward. I would say agriculture has the best argument of any to be treated differently, but I would be willing to listen to textiles.

I think you see the implications. You say you want all industry to be treated fairly and I do too. That is why the question comes up, if we use these techniques for textiles then should we not then use the same techniques for steel and other industries? When we get into this problem, as I have described it, I remember the days of arguing the community chest approach to charity. Each charity would say, "We can raise more money by going out and doing it ourselves," and they were right but, when it came to the total effort of a community to fill the community chest for the 100 agencies, we found that we ran short of manpower to solicit the people.

So we went to the community chest approach. I see a comparable situation here and yet there could be exceptions.

Maybe textiles are the exception, or maybe you think this analogy is not right and that we could have world trade on the basis of the quantitative approach.

I am willing to think about it. I am willing to discuss it but everything that I have studied and seen seems to lead us down very blind alleys and would lead us back, I think ultimately, to the barter approach to trade.

So that I hope that the textile industry doesn't feel that we are wrong in the multilateral approach that we have taken and isn't arguing for the quota approach to be applied across the board to other industries, but is trying to point out why an exception should be made in its case.

I want to be clear as to what your position is. Have you taken a position on the overall trade picture or have you just confined your thinking to what is good for your industry, out of context with the total picture of the Nation's international trade policies.

Mr. DARMAN. Mr. Curtis, we have thought about this at length and let me say at the outset that, going back again to the theory of the matter, free trade is nonexistent in the world.

Mr. CURTIS. That is true. I talk about fair trade.

Mr. DARMAN. Free trade is dead and free trade in my judgment will not rise again for one very human reason which I can develop for you. When I went to college, which probably was about the time you did we were taught that free trade rested on three things: free movement of goods; free movement of capital; and free movement of people.

We have documented in our case that around the world there is not free movement of goods. Until very recently the United States was the only country in the world permitting free movement of capital. More recently, our balance of payments probably has caused even us to interpose some impediments to the free movement of capital.

Mr. CURTIS. Can I interrupt?

Over the strong objections of people like myself, but go ahead. The administration did it.

Mr. DARMAN. We have to be pragmatic in describing the situation as it exists.

The third thing involved free movement of people. Back in the depression we, in the United States, put in restricted immigration. We have had restricted immigration of sorts ever since.

All around the world you have the same thing. People move on the basis of quotas but the original philosophy of free trade presumed

that if costs got out of line in one country and were low in another the high-cost country would lose its business, unemployment would result, the low-cost country would gain the business and employment would rise there. As a result of unemployment in the high-cost country there would be reductions in wages because of the difficulties that ensued and equilibrium would be restored.

That philosophy presumed that people were to be treated like a commodity subject to the law of supply and demand. The world has long since left this posture and we in the United States have long since left it, and the recent developments in France have indicated that even with a strong one-man control you can't maintain this posture and maintain order in the streets.

If you talk to any American employer, he will say that his future plans do not envisage a reduction in wages, nor do his future plans envisage anything but full employment for the people for whom he has a responsibility. These circumstances constitute the basic reason why I say that free trade in the Adam Smith sense will not resurrect because we are now dealing with people as human beings and not as a commodity.

If that is the way world trade has now been restructured, and if the old laws don't apply, we should stop talking about free trade. If we talk about liberalization of trade, liberalization is something which comes by its very nature in waves, in stages.

You don't turn it on or off. It is something that moves, and if something is going to move, it has to move from a controlled situation and in a controlled situation.

I think our position has been and should continue to be that we have a problem. We have studied it. We think you have a solution. We have not studied the problems of other American industry.

It would not surprise us if other segments of American industry have a problem similar to ours. If in your wisdom after you have looked at all of American industry you think special treatment is needed or a quantitative approach is needed for a significant segment of American industry, we would urge you to write it into law and we will support it.

If on the other hand you find American industry that does not need it, don't include it at this time. We would urge you not to do that.

We are just as anxious as you to see liberalization of trade and would like to see it arrived at in an orderly fashion. We think the only way that you can have order is to have some kind of an orderly arrangement prescribed by law.

Mr. CURTIS. Well, you certainly are quite responsive. You and I read history a little differently. I never knew there was free trade in Adam Smith's day or any day up to 1968. There has not been a restructuring. Adam Smith might have had a dream.

Mr. DARMAN. It was a theory. I agree.

Mr. CURTIS. It was an ideal.

Mr. DARMAN. Right.

Mr. CURTIS. Free trade is dead, God is dead, ideals are dead. I don't agree with this.

Mr. DARMAN. I don't agree with the second, sir.

Mr. CURTIS. It's the same thing. To me an ideal is something you set your course by. You don't attain it in your lifetime or possibly

for many many generations if it is a worthy ideal but it does give you something to set your course by.

Now in this process I use the term "fair trade," because as I understand Adam Smith and his so-called laissez-faire, he was arguing against the mercantilism of his day where the state, the king, was doing the trading. Adam Smith was arguing that a better way to make economic judgments was through the marketplace, and that the Government had an important part to play in keeping the marketplace honest so that caveat emptor did not prevail. To establish honest weights and measures, this is Government function as I view it.

Now, what the quota and license approach is is moving back toward mercantilism. You are getting Government back into trade. You are moving toward state trading; not with a political agency perhaps, but it moves in that direction.

You are dismantling the marketplace. The other approach that I suggest, if we could develop these techniques and I don't know if we can, is to identify unfair trade practices and to have the machinery to correct them and, as I argued back in 1957, a tariff differential to reflect wage and productivity, economic differentials, costs.

Then we could be moving in this direction. I think it is important.

I am pleased to have this dialogue reach this point because our country must make these decisions, I think on, the basis of ideals. We should not accept them just because someone says they are an ideal but to examine whether they are a proper ideal. If they are, then we should plot our course along that direction knowing that we will not attain it in our lifetime or close to it but at least we will move in that direction.

That is why I asked the question, does the textile industry want us to change what I felt was a movement in this direction to come back to this other approach? I think you do, because your testimony said that you felt that the administration's bill was moving in a different direction from the Mills bill and I think your observation is correct, that there is a fundamental difference in approach.

I am willing to make exceptions for temporary reasons and temporary reasons can be as long as 10 or 15 years as long as it is clearly understood that they are temporary and relate to specific things, that if and when certain actions are taken the reasons for having the temporary measures disappear and the measure should be done away with. You take down the scaffold once your building is there.

Well, I have tried your patience but I appreciate your response and I hope that we will have memorandums on some of these areas that I have sought to discuss.

Thank you.

The CHAIRMAN. Are there any further questions of the witness?

Mr. BATTIN. Mr. Chairman, I have just one.

The CHAIRMAN. Yes, Mr. Battin.

Mr. BATTIN. I would like this on the record.

Other witnesses who have testified keep raising the flag of moving back in time, that we are proceeding with the approach that is being talked of here back to the days of the Smoot-Hawley tariff, this theory and concept.

I personally don't see it and I would like to have your comment on it.

Mr. DARMAN. I would like to say, Mr. Battin, that from our point of view what we are recommending is an approach to orderly trade that is structured to the facts of the situation as they exist in the patterns of the textile trade in the world in 1968.

This is not a step back to the Smoot-Hawley tariff by any definition of the word. In fact, I think in response to an earlier question I made the observation that we are not looking for a solution to our problem in the form of higher tariffs. This is not what we have suggested.

Mr. BATTIN. This is not a change.

Mr. DARMAN. There has been a change in basic position because world patterns of trade have changed and I think we are taking a position which is abreast of today's situations. I don't submit that we are going to come up with a solution today that may not at some future time need altering. Given today's pattern of trade, however, one can speak about moving in the direction of the ideal but, if the rest of the world is presently unwilling to move further in this direction, we would be ill-advised to move alone. We move alone only at the expense of American industry and American agriculture and I think it is too early to tell as far as the Kennedy round is concerned how well American agriculture has done.

Mr. BATTIN. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Ullman.

Mr. ULLMAN. My interest is primarily in wool textiles.

Mr. Darman, isn't the situation generally this: that a portion of the textile industry is today covered under a long-term cotton textile arrangement and that in general what you are advocating is to cover the rest of the textile industry under the same general type procedures that already are well established in a portion of the industry?

Mr. DARMAN. Mr. Ullman, I would certainly agree that a portion of the textile fiber spectrum is covered. I think that as far as the textile industry generally is concerned more and more it consists of all fiber companies or multifiber companies.

Every textile manufacturing company is to a larger or lesser degree exposed, but those who concentrate heavily in wool or man-made are more exposed than those who may have historically concentrated more heavily in cotton. There is a real area of exposure even for the cotton manufacturing industry because the long-term cotton arrangement covers only cotton products which are in whole or in part up, to 50 percent, of cotton. Any blend that goes beyond the 50-percent level of other than cotton is uncovered.

Mr. ULLMAN. Putting it in another way isn't it more difficult each month and each year to rationalize covering a segment, just one segment of this industry because of the fact that with man-made fibers and with blends coming in so strongly it is quite simple for importers to circumvent any kind of ruling that would cover a portion of the industry.

Mr. DARMAN. It certainly is. The long-term cotton arrangement is a multilateral arrangement. It involves some 22 countries. But its extension was one of the easiest things for the United States to negotiate in the Kennedy Round. This was not difficult. It has become an accepted pattern for both developed and less-developed countries.

It seems to me that there is no reason to malign this arrangement, even though we might wish that it were enforced more effectively. On

the contrary, it seems to me that we have got a precedent that indicates that the major textile producing countries of the world have in fact already acquiesced and are now enjoying the benefits of orderly international trade in one area. I see no reason why we shouldn't be able to extend this concept to all textile fibers. When we do we will have a much more meaningful solution and, absent it, we really haven't got the job completely done. But the answer is not to give up the LTCA. The answer is to build on this base.

Mr. ULLMAN. Thank you.

The CHAIRMAN. Are there any further questions?

If not, we thank all of you for your very interesting testimony.

Without objection the committee will resume its hearings at 2 o'clock this afternoon. Our first witness will be our colleague from South Carolina followed by our colleague from New York.

Mr. DARMAN. Thank you.

Mr. DENT. Thank you, Mr. Chairman.

(Whereupon, at 12:25 p.m., the committee recessed, to reconvene at 2 p.m. the same day.)

AFTER RECESS

(The committee reconvened at 2 p.m., Hon. James A. Burke, presiding.)

Mr. BURKE. The hearing will come to order.

Our first witness will be Congressman Samuel S. Stratton of New York.

STATEMENT OF HON. SAMUEL S. STRATTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. STRATTON. Thank you very much, Mr. Chairman. I have a prepared statement and I believe it has been made available to the committee. I appear before you today in support of the legislation introduced by the chairman, Mr. Mills, and the other various items of companion legislation introduced to provide quantitative restrictions on the growth of textile imports.

In an effort to save time let me just say that I fully support the statement that Congressman Dorn, of South Carolina, will be presenting a few minutes after mine on behalf of a large number of Members who have joined together in introducing this textile import quota legislation.

I was one of that group and introduced my own companion bill, H.R. 13755. I would also like to indicate my support for the statement made this morning to the committee by the American Textile Manufacturers Institute.

What I would like to comment on just very briefly, Mr. Chairman, is the one essential item of difference between my bill, H.R. 13755, and the other companion textile bills, which is the specific inclusion in the meaning of textile products of cordage and cordage products.

It appears on page 5 in section 7 of the legislation which deals with definitions. Cordage has traditionally been recognized as a part of textiles, but I believe that the legislation we adopt ought to make this point explicit rather than implicit and this is the one additional thing which my bill would do.

I would point out to members of the committee that the statement of the Textile Manufacturers Institute this morning also emphasized their support for the inclusion of cordage and cordage products within the basic legislation, and therefore I take it that they would support the substance of my own bill, H.R. 13755.

Briefly, Mr. Chairman, with regard to cordage it should be borne in mind that the problems which have affected our domestic textile industry generally, and which have already been brought to your attention, as a result of the rapidly increasing imports of foreign textiles, apply even more fully and to a more critical degree to the domestic cordage industry.

During World War II, for example, the U.S. cordage industry was forced to expand to meet our wartime efforts. With 22 members of the industry running 23 mills at full capacity, they were able to meet these needs. That was in 1945. Today there are only 10 members of the cordage industry left in the United States operating 14 mills.

The capacity of American producers to make rope is virtually half today what its capacity was back in 1945. The commercial market for hard fiber rope in the United States has declined over 53 percent since 1955 while the quantity of hard fiber rope imports has tripled. U.S. manufacturers are selling about 55 percent of what they were in 1955 and the whole industry is experiencing a definite downward trend.

I say this with some personal knowledge of the situation since one of the leading American cordage manufacturers is located in my own district, the Columbian Rope Co. of Auburn, N.Y. They have been faced with a heavy loss in sales and consequently an attrition in employment, which has been felt throughout the whole area.

In the area of synthetic rope, which was pioneered in American markets, the Kennedy tariff round has reduced the duty on this produce by 50 percent, a development which could well bring about the same situation for synthetic rope that already exist for natural fibers, unless the remedial action proposed in my legislation is taken.

The cordage industry has already stated that if another situation should develop as it did in World War II, the industry as a whole would simply not be able to respond to our increased needs because of the drastic decline in the industry since that time.

Therefore, for our own defense purposes, we cannot afford to depend on foreign capacities. The domestic cordage industry simply must be kept viable, and it obviously cannot meet the competition of foreign markets with their lower selling price, their cost of materials, and their lower labor cost under present tariff conditions as far as natural fiber is concerned; and they certainly couldn't meet the situation with regard to synthetic fibers if the tariff conditions proposed under the Kennedy Round are carried out.

I just don't think that this country would want our merchant marine, our Navy, our Marine Corps, our Army, our Coast Guard, and our Air Force, to have to depend solely on foreign sources.

So, Mr. Chairman, I hope that in these remarks I have been able to show the vast importance of the domestic cordage industry to America's defense and by implication to the American economy generally.

The cordage industry has always been considered a part of the textile industry and cordage products have always been grouped with textile products for tariff and duty treatment.

Therefore, while supporting the basic legislation introduced by Mr. Mills to restrict the growth of foreign textile imports generally, I do urge that the members of this committee include the specific reference to cordage and cordage products as a part of the definition of textiles which has been spelled out in H.R. 13755.

Mr. BURKE. Thank you very much. Are there any questions? Mr. Utt.

Mr. UTT. No. I would like not to necessarily question, but thank Congressman Stratton for presenting this case. One of the big industries in my district is a cordage plant and it has had its troubles ever since they were formed many, many years ago. They were finally taken over some time ago and I know that they appreciate also your position on this matter.

Mr. BURKE. I also wish to commend you for a fine statement and for bringing to our attention the problems in the cordage industry.

Thank you.

Mr. STRATTON. Thank you, Mr. Chairman and I also thank the gentleman from California for his support.

Mr. BURKE. Our next witness is the Honorable William Jennings Bryan Dorn of South Carolina who has been very patient here today. I wish to apologize for keeping you waiting.

STATEMENT OF HON. WILLIAM JENNINGS BRYAN DORN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

Mr. DORN. Mr. Chairman, I am not going to take up any of your time or that of the committee other than just to say that I am in favor of the Mills bill and ask permission to extend my remarks in the record.

Mr. BURKE. Without objection that will be done.

Mr. DORN. I will say, Mr. Chairman, that 196 other Members of the House joined Mr. Mills after he introduced his bill on July 19, 1967. On that same day our distinguished colleague and great member of this committee, the Honorable Phil Landrum, introduced his bill almost simultaneously with that of Mr. Mills and the rest of us followed over a period of several days.

I believe that in the modern history of the Congress this is the greatest number of Members to join in cosponsoring or introducing a piece of major legislation. I do not recall a greater number than 197 doing so. There may be.

This group represents every section of the United States, every single segment of the textile industry, woolen, manmade fiber, staple fiber, filament, filament yarn, the garment industry, and I might say that you will recall, Mr. Chairman, that our group, the informal textile House committee, was formed in 1961 and it was organized purely because the textile industry was in trouble, faced with unemployment and mills closing down.

You recall that 750, I think it was, textile plants closed in the 1950's, so it was imperative that something be done and this group organized and we elected Carl Vinson chairman of the committee.

We met in the old Armed Forces Committee room over in the Capitol Building, and organized, and it was my honor to be elected secretary of the group; and I have served in that capacity ever since.

When Mr. Vinson retired from Congress we elected your colleague and member of this great committee, Phil Landrum, as the chairman of our group, and we have been pursuing this problem all along, and I would say with some degree of success.

When the Long-Term Textile Agreement was negotiated in Geneva in 1962, the cotton textile agreement, we met with virtually everybody with any authority in the Government including the President and right on down, and I remember Mr. Hodges, then Secretary of Commerce, offered to fly several of us, including myself, over to Geneva to help negotiate.

I didn't go, but the agreement was negotiated and mention of it was made this morning by the distinguished gentleman from Missouri, Mr. Curtis.

That agreement I think set the pattern or the blueprint for exactly what we are trying to do today with the Mills bill. It did help. The reason why it did not completely do the job was because of the loopholes. It did not cover man-made staple fiber, filaments, filament yarn. It did not cover wool.

I would say that our industry is an overall industry and the Mills approach and the Landrum approach would work.

Their bill is not a protectionist bill. It is not a high tariff bill. I don't think anybody in the United States of America in his right mind could truthfully charge the chairman of this great committee, Mr. Mills, with being a protectionist or Mr. Landrum for that matter.

I look upon Mr. Mills in the same category with Cordell Hull and the late Sam Rayburn, as one of the great architects of our trade policy in this country. He has done as much to promote trade as any living American, the chairman of this great committee, and his associates on this committee, most of them.

So what Mr. Mills bill proposes to do is to promote trade in an orderly fashion, which will be mutually advantageous to our friends abroad and to the United States of America.

That is what his bill does. And all that needs to be done is to have it properly implemented and made to cover the man-made staple fiber filaments, and filament yarn, and wool and it will do the job, if properly administered.

I represent a textile area. My distinguished colleague represents a textile area, and I want this committee to understand that my Committee on Public Works has been groping over the years now with depressed areas, with the ghetto, with Appalachia, and we have authorized to be appropriated million of dollars to promote jobs in Appalachia, job opportunity, to keep them out of the big cities.

These little textile communities, 500, 1000, two or 3,000 people, dot the Appalachia region employing nearly a half million people, and in depressed areas, you know what we have done in that field, water pollution control, trying to aid industry to clear up the streams of this country.

More legislation has come out of my committee for the underprivileged, the minorities, for depressed areas, than any other committee, and I might add the Rivers and Harbors, Interstate Highway System

which our committee authorized yesterday for 1972 and 1973 and 1974.

Then to see this great work we have done in Appalachia go down the drain because of unfair trade to me would be incredible.

The same way with our depressed areas and the almost 400,000 jobs in the great city of New York.

What do we want to do? Increase this ghetto problem when we are desperately trying to solve it? These are questions rightly before this great Committee on Ways and Means, and I want to say again that I come from an area of the country which has championed the low tariff, which has championed trade, which was against the Smoot-Hawley tariff and tariffs of that nature.

So we are here today not as protectionists, just the opposite. We are promoting the Mills bill which will promote orderly trade in textiles and will help our foreign friends understand exactly what their market is so they won't overexpand and so they won't knife each other, promote orderly trade, and which assures them a good share of the American market and an increasing share of the American market as it grows.

I just hope this committee will act expeditiously on the overall trade bill. I hope that bill will include a version of the Mills bill which the chairman introduced on the 19th of July in 1967 and cosponsored by my colleague from Georgia, Mr. Landrum, and other members of the committee and of the House.

Thank you, Mr. Chairman.

Mr. BURKE. Are there any questions? Mr. Landrum.

Mr. LANDRUM. Let me say to you, Mr. Dorn, that we are grateful for this most forceful statement and for your position on what is a critical situation in our country. I know of no Member of Congress more knowledgeable, more capable of dispensing that knowledge, about the textile industry, what its problems are, what the solutions to those problems can be, than the gentleman from South Carolina, Mr. Dorn.

I would like to ask your views in a short series of questions here relating to the statement you have just made.

Is it your judgment, Mr. Dorn, that the textile industry lends itself more to dispersal throughout the countryside than perhaps any other industry that we have?

Mr. DORN. I would say yes, of course, and President John F. Kennedy realized that when you, and I, and Mr. Vinson went to see him time and time again in 1961 along about this time he announced his seven point program for the textile industry.

The reason why he did that was because the textile industry was in a special category, subject to overnight fluctuations of the market, people unemployed who had a job in the morning and the mills closed late that afternoon.

I saw this in the gentleman's great State—I haven't been in this fight just a few years—very frankly when I spoke to the New England society in New Hampshire. This was 1951. This was pointed out to me, 1951, 1952, 1953 along there, when you had ghost towns, and I know what it is like to see a ghost town in an era of an expanding economy, when other people are making good wages and you are out

of a job. I saw that in Fall River, saw it at Worcester, all up through there, and this was the beginning.

Imports were beginning to come in then in the 1950's, I might say low-wage imports, undercutting our American jobs. Of course, Mr. Landrum, this industry is represented by every State in the American Union and it is in many areas a marginal industry.

I didn't mention this a moment ago, but we make less profit than any major industry in this country. In fact our profit in the last 5 or 6 years has only crept up a fraction of 1 percent, less than any other major industry.

So we just barely have our head above water and we are employing these people in low-wage areas and we are giving them job opportunities, something they never had before. I am speaking of the minorities also. We are employing them at a fantastic rate. We talk about what is going on downtown on the Mall right now. I don't know really so much about what is going on, what their objective is, but ostensibly it is for better jobs for poor people.

That is exactly what we have done in the textile industry. You heard the figures here this morning, went up from two percent to 270 percent since the implementation of the Kennedy seven point program, and so it is all across the country, of course, and these are some of the things.

We can't do it if we continue to have to compete directly with 8 cents an hour wages such as they have in Korea. This is not trade at all. This will wreck trade, this kind of trade.

Mr. LANDRUM. So your judgment is that the textile industry particularly, as well as others, can take employment opportunities to the areas where there is today a scarcity of employment opportunity?

Mr. DORN. Exactly.

Mr. LANDRUM. And as a result of the scarcity of employment of opportunity that exists in certain areas of the country today the people there are finding it more and more necessary to go into the metropolitan areas, the already heavily populated cities, and compounding the ghetto situation that already obtains in these cities.

Now, assuming that what we are saying is true and that your judgment is correct, is it your judgment also that unless this industry can have the support of its government in getting the relief that is being sought here, not in creating a wall of tariffs so that we won't have international trade, but in having an orderly infusion of the imports so that our domestic economy can remain stable, unless it can have that do you foresee the total inability of this industry to offer the type employment we are talking about?

Mr. DORN. Yes, Mr. Landrum; not only that, I foresee the inability of our industry to continue to employ these vast numbers of people in Appalachia, for instance, and other areas too innumerable to mention.

Of course I see the inability of our industry to continue to employ these people, but I hear it every day when I am home talking with the great textile people.

They say—

How much longer can I resist this temptation or these lucrative offers to go to countries in the Caribbean and all. Across the seas most every day someone will call and say, "Come on, close your plant down. Let the boys here go. Welfare will take care of them. Come on over and join us. Build your plant overseas, make some money."

This is what we are confronted with. I have never seen, Mr. Landrum, a more patriotic people than our textile people, just staying on fighting daily with their head just barely above the water to keep folks employed because they believe in this country, and they believe in this orderly trade business.

This thing is mutually advantageous. It is advantageous to our friends abroad to pass the Mills bill, very much advantageous. Otherwise the whole world's textile market can be wrecked and people get into it that have no business in it. Then you will have friction between Japan and some other undeveloped country.

You create chaos in the field of world trade if we continue along the lines we are going. I say the Mills bill is just as essential for our foreign friends as it is for our own textile industry.

Mr. LANDRUM. Thank you. Thank you, Mr. Chairman.

Mr. BURKE. Are there any further questions?

I just wish to commend my good friend, particularly about his knowledge of the New England area. He has shown keen insight. Can you give an answer to this committee on why there should be any opposition to an orderly marketing bill?

Mr. DORN. Mr. Chairman, I don't see how honestly, once a person evaluates the situation as it is, how there could be any opposition whatever to a bill such as the one you introduced, and Mr. Landrum, and Mr. Mills, because the things we are talking about here today are basic. They are fundamental.

You know, I go down there quite often and talk to some of my friends and they say, "Oh, don't holler wolf. Quit crying wolf."

Well, I mentioned the profit a moment ago, and they mention, "Oh, well, you have increased wages the last few weeks."

We have. The average wage is \$2.14 an hour for the textile industry across the board in the United States. Some of our plants down home have already granted more hourly wage than the people are paid in South Korea. It is going up to \$2.27 an hour in a few days. They say, "Well, doesn't that indicate that you are in good shape?"

It doesn't indicate any such thing. It indicates that we have to be competitive to even keep the good labor that we have, and Mr. Chairman—I might run the risk of rambling a little bit—I walked in and looked at the books of a textile plant not long ago, kept in that beautiful hand that people used to write about 65 years ago. You know, they would pay this fellow so much and the foreman got \$2.50 a week and a lot of people then were working for \$1.50 or \$2 a week and I saw what the foreman was paid in one of these textile mills, and now we have progressed to where we are employing our minorities, taking up those that never had job opportunities before in history, coming off the farm.

We are employing those people. This is what we have been preaching. This is what we want. Our textile industry is training them. We have an across the board \$2.14 an hour and in a few days were are going up to \$2.27 an hour. Let me tell you, Mr. Chairman, in some little isolated community in Appalachia I would rather get \$2.27 an hour than to get \$4 and live here in Washington or in the middle of New York.

My money would go a lot further. So we are affording these people great opportunity and I want to see it continue and I want to emphasize again what I saw in your great State.

It is not a pleasant sight to see a whole community unemployed when right next door that community is enjoying the best standard of living they have ever enjoyed. The worst under the leadership of John Kennedy, with a lot of our good friends on this side of the aisle, we instituted a program and this program was nonpartisan.

We have been able to air condition some of our textile plants for the first time down south where it is hot and to do a few of those things that needed to be done years ago, and now we are threatened by this increased volume of imports, daily increase, and might have to go back to that unemployment again and perhaps cut down on some of our capital improvements such as air conditioning.

All of them aren't air conditioned yet. It is a great problem, Mr. Chairman, and I appreciate the sympathetic hearing of this committee and I ask unanimous consent to extend my remarks.

Mr. BURKE. Without objection it is so ordered.

Thank you very much.

Mr. DORN. Thank you, Mr. Chairman.

(The following statement was received by the committee:)

ADDITIONAL STATEMENT OF HON. WILLIAM JENNINGS BRYAN DORN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA

Mr. Chairman, by introducing H.R. 11578, you have greatly encouraged the textile industry of the United States and its more than two million employees. I appear here today, Mr. Chairman, to recommend and urge this great Committee to adopt your bill or incorporate your bill in the general trade legislation now being considered by this Committee.

Mr. Chairman, you have been the champion of increased world trade for many years. You have taken your place in history along side the late Cordell Hull and Sam Rayburn as proponents of trade. No one in American history has opposed with more vigor the old Smoot-Hawley high tariff type of protectionism. You have introduced H.R. 11578 in your tradition of advocating more trade. Your bill is the opposite of protectionism, strict quotas and high tariff legislation. Your bill promotes orderly and fair trade in textiles. Your bill, when enacted into law, will guarantee to the foreign textile producers a fair percentage of the American market and an increasing percentage of that market as it expands. Your bill will set the pattern for orderly trade in textiles among other nations in the world.

When you introduced your bill on the 19th of July last year, Mr. Chairman, you were joined that day by a most distinguished member of this Committee, our able colleague, Phil Landrum, of Georgia, who introduced an identical bill. I was honored to have the privilege of joining you and Mr. Landrum. Subsequently 195 other members of the House joined us in introducing your orderly trade bill. These members reside in every section of the United States and every conceivable category of textiles is represented.

May I remind the members of this great Committee that our colleague, Phil Landrum, was elected Chairman of the Informal House Textile Committee. He is thus serving us in a dual capacity as a member of this great Committee on Ways and Means and as Chairman of the Informal House Textile Committee. You will recall that the first Chairman of this group was the Honorable Carl Vinson, of Georgia, who was elected Chairman in 1961 and who also served as Chairman of the House Armed Services Committee.

I appear here today as Secretary of this informal group and as one whose Congressional District is largely textile. Since Monday, when the membership learned that I was to appear here today, approximately 80 members have urged that I speak for them today in urging this great Committee to adopt your bill. Requests from other members continue to come in hourly. These, our colleagues, have asked by card, by telephone, letter and in person that I plead with you here today for early passage of the Mills Bill.

Your bill, Mr. Chairman, does not set any precedent. It only plugs the loopholes and carries out a policy largely already in effect. I refer to the Long Term Agree-

ment adopted at Geneva in 1962 and renewed for another three years last year. This agreement was entered into by all the major textile manufacturing nations of the world, thus indicating beyond question that orderly trade in textiles is to the mutual advantage of all textile producing nations, and will promote orderly trade and hold to a minimum fluctuations in the market, unemployment and trade restrictions.

The reason why I am here today supporting the Mills Bill is because this agreement has not been fully implemented by our own administrative authorities and the Long Term Agreement did not cover man-made staple fiber, filaments and filament yarns, man-made fiber textiles, and woolen and worsted textiles. Thus, many nations who entered into the original Long Term Agreement were able to largely circumvent its effect by increasing their imports into the United States of man-made staple fiber, filaments and filament yarns, wool, and man-made textiles.

The textile import problem has been with us for many years. It has grown progressively worse. We have tried to meet it with partial solutions, but they have not been effective. The problem is industry-wide and, the answer to it must likewise be industry-wide. Your bill on orderly trade, we believe, will do the job.

Your legislation is fair. It provides for a very high level of textile imports and it provides for foreign producers to share in our future market growth. It is not protectionist. It merely says that the future growth of textile imports will be geared to U.S. market conditions, so that our domestic industry can grow and provide additional jobs for American citizens.

There will be people who will point to the industry's profits and say that restraints on imports are not needed. They have said and will say that the textile industry is crying wolf. But this argument needs examining. In 1960 textile profits per sales dollar were 2.5 cents. In 1967 they were 2.9 cents. Whereas, textile profits rose .4 of a cent over this period, the all manufacturing industry profit rose .6 of a cent—from 4.4 cents to 5.0 cents. This is quite a disparity and would indicate textiles are not holding their own.

We should all hope for improvement in this picture because if profits don't exist, textile mills cannot long provide jobs and serve as dependable markets for the vast array of fibers produced in this country.

Some will say "if the import problem is so serious, how can the textile industry raise its wages?" The answer is almost too simple. Like any other industry, textiles must have labor. The industry must compete in the labor market. And incidentally, the most recent wage increase by itself was greater than the average hourly wage of a Korean textile worker.

At the same time, it remains confronted with the threat of low-wage textile imports. Undoubtedly, this latest increase will aggravate even more the discrepancy between wages in the United States and those in the principal countries shipping textiles to us.

Mr. Chairman, I know first hand what unlimited textile imports mean. I know what they mean to the South and to the Nation and to my State of South Carolina. My district has one of the largest textile and apparel manufacturing and man-made fiber producing complexes in the country. The economic base of my district will depend, in large measure on what is done about textile imports.

The Committee on Public Works, on which it is my honor to serve, has over the years devoted much of its time to seeking a solution to the problems of underemployment and depressed areas. We have authorized billions of dollars to be appropriated for Appalachia, economic development, pollution abatement, interstate highways and river development. The concept largely behind Appalachia and economic development of depressed areas was to keep people out of the overcrowded urban areas and ghettos and to provide job opportunity. It would seem foolish indeed to create jobs on the one hand and then to take these jobs away on the other hand with an unfair trade policy. Just when we are moving ahead with job opportunity for the minorities and the development of our depressed areas, now we are faced with a set-back in the form of unfair foreign trade.

Mr. DORN. Mr. Chairman, I also ask permission to insert into the record, as secretary of the Informal House Textile Committee Group, a statement authorized by over 100 members of the House.

Mr. BURKE. Without objection it is so ordered.

JOINT STATEMENT OF OVER 100 MEMBERS OF THE HOUSE, PRESENTED BY HON.
WILLIAM JENNINGS BRYAN DOBN (SOUTH CAROLINA), SECRETARY, INFORMAL
HOUSE TEXTILE COMMITTEE GROUP

The volume and trend of low-wage foreign textile imports including man-made fiber, filaments, and filament yarns are undermining the U.S. textile industry. Their rate of growth demonstrates beyond question that foreign exporters, in the absence of inclusive quantitative limitations on imports, can exploit the U.S. market for textiles at will.

For the first four months of 1968, total textile imports reached 1,055,600,000 equivalent square yards—a record for any consecutive four-month period. At this rate, they will reach almost 3.2 billion square yards in 1968, 14% over the previous record set in 1966.

The textile import problem resolves itself into this overriding issue:

Will U.S. textile trade policy be such as to permit the textile industry to survive and grow as textile markets expand, to provide additional job opportunities and enlarge its contributions to our economy in general; or will it cause the shifting of productive capacity abroad to supply this market with a consequent loss of jobs, capital investment, and tax revenues?

Despite the fact that the U.S. textile industry is the world's most efficient, it is marked by unique characteristics which impose no inherent economic limitation on a low-wage producer's ability to exploit its markets. These characteristics, which are worldwide in their application, have led other industrialized countries to adopt quantitative restrictions on textile imports of all fibers as the only answer to the import problem. The United States of all developed countries, has perhaps the most liberal textile trade policy. Except for very lenient restraints on cotton textile imports, no limits on the growth of U.S. textile imports.

The impact of textile imports is widespread, but nowhere is it greater than on employment. The textile-fiber-apparel industry provides 26% of the manufacturing jobs in the Appalachian region. More than one-third of the manufacturing jobs in New York City are in this industry. In the States of North Carolina and South Carolina, and Georgia, it is the leading manufacturing employer. In Virginia, it supplies over one-quarter of the manufacturing employment, and in Tennessee, 30%. It makes substantial contributions to industrial employment in New England, and in such States as Pennsylvania and New Jersey.

Altogether, some 970,000 persons are employed by the textile industry. Another 1.3 million manufacture apparel. Still another 2,000,000 are employed in activities supplying the industry, such as the production of fibers, chemicals and machinery. It is the largest customer of the nation's chemical industry. It provides the only domestic market for the products of 243,000 sheep ranches and 500,000 cotton farms.

The jobs of millions of Americans depend, in large measure, on responsible action to limit the growth of textile imports.

The legislation which you have introduced, Mr. Chairman, and which we are co-sponsoring provides just this. It recognizes the necessity for sharing the growth of U.S. textile markets with our friends abroad. It provides for a large volume of textile imports plus participation in future market growth. At the same time, it would place some restraint on the rate at which imports can grow.

If we have learned anything in our efforts to meet the problem of textile imports, it is that its solution must come through Congressional action. And, its solution requires quantitative limitations on an all-fiber basis, limitations which apply to textile products, manmade staple fiber, filaments, and filament yarns.

What is more important: the provisions of jobs for workers in Japan or Hong Kong—or for United States workers? What is more urgent: a textile trade policy that seeks the retrenchment of the domestic industry or its expansion? We believe the answers to these questions are obvious.

To achieve the answers to those questions and consistent with the recommendations of the Textile industry, we strongly urge the Committee's approval and Congressional passage of H.R. 11578 with an amendment to the definition to insure that cordage products are recognized as a part of the Textile industry.

Mr. Chairman, 196 of your colleagues have joined you in sponsoring your legislation. Over 100 members have by letter, phone, or personal request authorized me, as the Secretary of our Informal House Textile Committee

Group, which is chaired by the distinguished gentleman from Georgia, Mr. Landrum, to say that they concur in this statement. Their names are available in my office, and should you desire we can provide them for the record.

Mr. BURKE. Our next witness is Mr. Bernard L. Hohenberg, chairman, and Michael P. Daniels, counsel, American Importers Association, Textile and Apparel Group.

Will you identify yourselves.

STATEMENTS OF BERNARD L. HOHENBERG, CHAIRMAN, TEXTILE AND APPAREL GROUP, AMERICAN IMPORTERS ASSOCIATION; AND MICHAEL P. DANIELS, COUNSEL

Mr. HOHENBERG. Mr. Chairman, members of the committee, my name is Bernard L. Hohenberg. I am the chairman of the Textile and Apparel Group, American Importers Association of New York City. I am accompanied by counsel to the group, Mr. Michael P. Daniels, who will present his testimony at the conclusion of my statement.

The American Importers Association is the major organization representing importers' general interests. The textile and apparel group is the principal spokesman for the importer interests in this field.

We appear before the committee today in support of the administration bill, H.R. 17551, and in opposition to various quota bills introduced in the Congress, both in the field of textiles and apparel specifically, and to general quota bills which would restrain the entire U.S. import trade. We believe that enactment of such measures would be a regressive step, with serious implications for the continued economic health of the United States and for the viability of the world economy.

Quite specifically, in the case of textile and apparel quotas, we believe that such measures are completely unjustified by the economic facts, would be disruptive of our international trade relations, would most certainly engender retaliatory measures by other countries, would raise prices to the consumer, and would impede the sound growth and progress of our economy as a whole and of the textile and apparel sectors in particular.

The domestic industry has consistently resisted objective investigations into the facts. They have preferred to engage in a massive political campaign to obtain import quotas.

Our group has since its inception in 1963 repeatedly challenged the domestic textile industry to accept an objective investigation into the facts. We have on numerous occasions over the years thoroughly documented our economic case.

As the political pressure of these industries reached a crescendo in the fall of 1967, the President, joined by the chairman of this committee, requested the U.S. Tariff Commission to make an investigation and report on the economic condition of the textile and apparel industries and the impact of imports on these industries.

This request was met with bitter cries by the domestic industries that no investigation was needed. In our view, the resistance to this investigation was because they had no economic case for the extraordinary protection which they demanded and they feared exposure of the weak factual basis of their campaign.

It is no wonder, then, that the Tariff Commission report was immediately attacked by the domestic industries. They have attempted

to dismiss the report, but they have never convincingly demonstrated that the Commission report is inaccurate or misleading.

The Commission has presented the relevant facts in an unbiased manner. If these facts lead inescapably to the conclusion that the domestic industries have shown remarkable growth, are in a sound position, and are well able to withstand import competition, this is in the nature of the facts themselves, not in any interpretation imposed upon the facts by the Tariff Commission.

We commend the Tariff Commission report to the committee. It is a monumental piece of work by an arm of the Congress with no ax to grind. We believe as the committee proceeds to consider the textile and apparel issue that great weight should be given to this report. We are sure you will find it, as we did, a competent, thorough, and objective study.

The Commission report conclusively supports our contention that import quotas on an overall basis are not justified. There may be particular areas in which imports are a serious problem and may even have occasioned serious injury. Our investigations, and our analysis of the Tariff Commission report, have revealed no such areas.

If there are, however, particular products where the domestic industry believes injury or an imminent threat of injury exists, we again challenge them to bring an appropriate case before the U.S. Tariff Commission. The textile industry complains that it has been "investigated to death." Indeed, on an overall basis, the industry's contentions have been put to the test and found wanting. Conceivably, there may be selected cases where import protection might be justified or even useful on a temporary basis, or where the adjustment assistance provisions of the administration's proposed bill might be appropriately applied. However, the determination of such areas must be made pursuant to law with an opportunity for a full investigation of such contentions. We would welcome any such investigation and such an approach on the part of the industry or the U.S. Government. We are not afraid of the facts and we are not afraid to risk the possibility of import protection on a selected basis if this is justified by the facts. We insist, however, that we be given an opportunity to present our view of the facts and that determinations be made objectively and in accordance with law.

Certainly, policy in such an important area cannot be made on the basis of self-serving assertions which have not been submitted to careful scrutiny in a proper proceeding. Such a proceeding, initiated by the chairman of this committee, Mr. Mills, has resulted in conclusive evidence that there is no justification for import quotas on an overall basis. We urge the committee to accept the results of this investigation and to resist the pressure of these domestic industries for unwarranted and unjustified protection.

Mr. Daniels will now present our views on some of the economic and policy considerations involved.

Thank you.

Mr. BURKE. Mr. Daniels if you wish to skip any part of your statement, the entire statement will appear in the record.

STATEMENT OF MICHAEL P. DANIELS

Mr. DANIELS. Yes, that was the first order of business, Mr. Burke. If I may ask that my statement together with the tables attached to it be made a part of the record, then I will proceed by way of summary so as to conserve the time and I might say the interest of the committee.

Mr. BURKE. It will all appear in the record.

Mr. DANIELS. Mr. Chairman, members of the committee, my name is Michael P. Daniels. I am counsel to the Textile and Apparel Group, American Importers Association, and a partner in the firm of Daniels & Houlihan of this city. My statement will review some of the economic data and our reasons for concluding that import quotas would be unjustified and undesirable.

I. IMPORT RESTRICTION 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 5 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.

In other words, Mr. Burke, these industries over this time period have consistently outperformed the economy as a whole. I might say, departing from my statement, that it was simply amazing for us to sit here this morning and hear this horrible tale of woe and grief painted by the witnesses who preceded us at this table.

Any objective analysis of this industry and its performance would certainly make one wonder what industry they were talking about. We noticed their charts over here and we were shocked to find that there was not one single chart or one single table which demonstrated the progress that this industry has made. Every chart had to do with imports.

We have admitted, and I don't think it is any matter of means a fatal admission, that imports have increased. The key question though for this committee is, has the increase in imports been met by an increase in domestic production; what has been the impact of those imports on the domestic industry?

Now, every single bit of economic evidence which is available indicates that not only has the domestic industry met the competition from imports but it has prospered fantastically.

I am sure that they don't tell their stockholders and they don't tell their financial analysts the same story that they have told this committee. Somebody called them a jaundiced industry, an industry that talks out of two sides of their mouth.

When they talk in the stock market they talk about their dynamic progress over the last 6 or 7 years and their bright prospects for growth. It seems to me to isolate import statistics without comparing them to domestic production and the performance of this industry borders upon misrepresentation.

I would like the committee to have the entire picture and compare what has happened on the import side and what has happened on the domestic production side.

Now, 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.

At this point I would like to talk about what one might call the game of percentages. We hear percentage figures thrown around, imports have increased by so much. I think that without really looking at the magnitudes involved that people can become misled by these bare assertions of a percentage number.

For instance, and I am now looking at table 5 in my presentation, mill consumption, which is a measure of all the fibers that go into our domestic mills, increased in the period 1962 to 1967 by 24 percent. Imports increased by 41.6 percent, and that is almost double, and this calls for cries of alarm that imports are growing at twice the rate of domestic production.

But it doesn't take a mathematician to see what the hidden fallacy in these figures are. If you start from a low base and you have a certain increase it is going to show up in a higher percentage increase.

If you start from a high base it is not going to show up in the percentage figure. And during this period 1963 to 1967 the mill consumption—that is, a measure of domestic production—increased by 1.7 billion pounds and in the same period imports increased by 204.9 million pounds, so we are comparing here millions and billions.

Now, I think this puts the percentage figures in a little better perspective for the committee.

We have heard a lot about employment. 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.

To hear the previous witnesses one would think that their workers were being laid off daily. The truth of the matter is, as shown in our table 3, that there has been a very large increase in employment. In the apparel and related products industry in 1961 we had 1,215,000 workers employed. In April 1968 there is 1,405,000.

That is a growth of almost 200,000 workers in the apparel sector.

In the textile mill products industry it grew from 893,000 in 1961 to 971,000 in April of 1968. This is a growth of some 80,000 or so workers.

Even in those particular product 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.

Mr. BURKE. Without objection it is so ordered. (See p. 2433.)

Mr. DANIELS. I think this is important to get some historical perspective and put some of these allegations to the test of analysis.

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 postwar 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.

A marked and accelerated pattern of growth was demonstrated by both the textile and apparel industries commencing in 1961 and continuing uninterrupted through 1966. The industry in 1966, although rapidly adding capacity, was operating at 98 percent of capacity (well over the industry's preferred rate of 96 percent) in order to meet very high levels of consumer demand as well as the added requirements for the Vietnam war. The credit squeeze and the resulting downturn in

the economy generally in 1967 reversed the trend and for the first time in 6 years indicators for the economy as a whole and for the textile and apparel industries, either showed stagnation or a downward movement. Commencing with the middle part of 1967, however, the industries involved reversed this movement and today have recovered, and in most instances, measured by most indicators, have surpassed previous peaks in 1966. These industries are now producing at peak and record levels.

During this period, as we have said, imports also grew. However, by and large this growth was commensurate with the growth in the domestic industries and reflected the increased demand for textile and apparel products. Imports reached a height in 1966, in order to supply the high demand of that year, but fell off sharply in 1967 with declines greater than those for shipments of the domestic industries.

Along with the recovery in the domestic industries in the last part of 1967 and first months of 1968 imports have also resumed their growth but this has been a growth comparable to that of the domestic industries and on an overall basis at a rate lower than that for the domestic industries.

I have attached to my statement a number of tables and graphs. I don't think that any point would be served by reading the tables or discussing them at any length. They do indicate, Mr. Landrum, a fantastic pattern of growth in this industry, a temporary setback as the economy itself was set back in 1967, and a resumption of that growth at record levels.

I said in the beginning of my statement that I felt that it was important that one talk not only about the growth of imports but the growth in domestic production to put these two movements in perspective and relate them to each other, and I invite your attention to the very last page where we have a graph setting forth the growth of domestic production as measured by mill consumption and imports.

I think any examination of that table will indicate that the representations made to this committee this morning concerning the imports will not stand the light of day.

We in the balance of our statement talk about some of the problems that have been raised before this committee, some of the arguments concerning employment, some of the arguments concerning the balance of payments, some of the arguments regarding overseas investments, nontariff barriers on the part of other countries.

We haven't tried to dodge any issue. We have not tried to dodge the hard issues and I suggest in view of the lateness of the hour that I skip this portion of my testimony and invite any questions which you might have.

(Mr. Daniels' prepared statement follows:)

STATEMENT OF MICHAEL P. DANIELS, COUNSEL, TEXTILE AND APPAREL GROUP,
AMERICAN IMPORTERS ASSOCIATION

Mr. Chairman, members of the Committee, my name is Michael P. Daniels. I am Counsel to the Textile and Apparel Group, American Importers Association and a partner in the firm of Daniels & Houlihan of this city. My statement will review some of the economic data and our reasons for concluding that import quotas would be unjustified and undesirable.

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.

A marked and accelerated pattern of growth was demonstrated by both the textile and apparel industries commencing in 1961 and continuing uninterrupted through 1966. The industry in 1966, although rapidly adding capacity, was operating at 98% of capacity (well over the industry's preferred rate of 96%) in order to meet very high levels of consumer demand as well as the added requirements for the Viet Nam war. The credit squeeze and the resulting downturn in the economy generally in 1967 reversed the trend and for the first time in six years indicators for the economy as a whole and for the textile and apparel industries showed a downward movement. Commencing with the middle part of 1967, however, the industries involved reversed this movement and today have recovered, and in most instances, measured by most indicators, have surpassed previous peaks in 1966.

During this period imports also grew. However, by and large this growth was commensurate with the growth in the domestic industries and reflected the increased demand for textile and apparel products. Imports reached a height in 1966, in order to supply the high demand of that year, but fell off sharply in 1967 with declines greater than those for shipments of the domestic industries. Along with the recovery in the domestic industries in the last part of 1967 and first months of 1968 imports have also resumed their growth but this has been a growth comparable to that of the domestic industries.

The Tariff Commission Report thoroughly documented the pattern of growth in both the textile mill products and apparel products industries and compared the performance of imports. Tables 1 through 10 appended to our statement briefly summarize the facts and bring up to date some of the figures.

The Index of Industrial Production for the textile mill products industry (Table 1) shows a growth of 35 points, from 107.1 to 142.2, for the years 1961-1967. The Index remained almost constant from 1966 to 1967, slipping by only 0.3 of a point. During 1967 the Index fell to a monthly low of 136.6 but has shown a rapid recovery since June. By October the Index was above the average for 1966 and in April 1968 (the latest available month) the Index stood at 147.5, almost 10 points above the April 1967 Index, and 5 points above the 1966 and 1967 averages.

The Index of Industrial Production for Apparel Products (also shown in Table 1) shows a similar pattern. The Index grew by over 35 points from 1961 to 1967. 1967 was approximately two points below the 1966 average. For apparel the Index also reached its low point in June of 1967 with substantial recovery since. The Index for March 1968 (the latest available) of 148.1 stood 4.5 points above the March 1967 Index. All indicators from the trade press and particularly the performance of the textile mill products industry, the supplier of the apparel industry, indicate that April and subsequent months will show an even more dramatic upturn.

Measured by sales and dprofits these industries have also shown dramatic growth. Sales for the textile industry grew by 39.4% from 1961 to 1967 (13.4 billion dollars to 18.7 billion dollars) and sales for the apparel industry grew by 46.9% for the same years (12.4 billion dollars to 18.2 billion dollars). Profits for the textile grew by 66.7% for the time period covered and those for the apparel industry by 119.3%. There were slight decreases in 1967 from the boom year of 1966. Sales for 1967, however, were substantially above sales in 1965 for both industries. Profits for the textile industry in 1967 were slightly below 1965 levels but for the apparel industry in 1967 substantially above 1965 levels.

Table 7 shows a 14.5% increase in shipments of the domestic textile industry for the first quarter of 1968 over the first quarter of 1967 and Table 8 shows a 5% growth in shipments of the apparel and related goods industry for the first quarter of 1968 over 1967. This presages substantial growth in both sales and profits in 1968, levels which should be above 1966. On the basis of the first quarter figures textile sales should jump to approximately 21 billion dollars in 1968 compared to 18.7 billion dollars in 1967 and 19.5 billion in 1966. This prediction is not ours alone. The E. F. Hutton & Co., Inc. in a comprehensive analysis of the textile industry states:

"With both unit volume and dollar sales running well ahead of last year and forward order positions being built up steadily in most areas, an industry-wide sales gain of at least 12% now seems likely. This would place full year dollar volume at or near the \$21 billion mark."

Textile World in its May 1968 issue notes that its exclusive Index of Textile Manufacturing Activity for March was fifteen points over a year ago and that textile mills are operating "at or close to their preferred rate of 96% of capacity."

They further note: "With shipments running at more than a 20 billion dollar rate (seasonally-adjusted) plant activity promises to stay strong."

We believe 1968 will be the most profitable year yet enjoyed by the textile and apparel industries.

Employment has also grown substantially over the years since 1961 as shown on Table 3. From 1961 to 1967 the textile mill products industry added 59,000 employees and the apparel industry added 176,000 employees. As the Tariff Commission points out, there are even labor shortages in some areas of the textile industry. Employment also decreased slightly during the slack of 1967 from the highs of 1966, but, as shown on Table 3, employment figures for April 1968 indicate a complete recovery. For the textile mill products industry, employment in April 1968 of 971,000 employees compares to 945,000 for April of 1967. 1,405,000 workers in the apparel industry in April of 1968 compares with 1,390,000 in April of 1967.

Another measurement of the growth of the domestic industry is by fiber consumption shown in Table 4. In the five years from 1963 to 1967, total fiber consumption by United States mills jumped from 7.2 billion pounds to 9.0 billion pounds, an increase of about 25%. The table is also interesting in that it shows that almost all of the growth took place in manmade fibers which increased from 2.8 billion pounds in 1963 to 4.2 billion pounds in 1967.

A comparison of imports on the basis of mill consumption and domestic consumption of fibers is shown in Table 5. This is a rather crude measurement, which would require considerable refinement, but it nonetheless indicates the general relationship of imports to domestic consumption. This relationship is illustrated on the attached graph.

The domestic industries have also emphasized the percentage growth in imports. These representations are put in better perspective by an examination of Table 5, noting especially the magnitudes involved. It is true that imports had a higher percentage growth than mill consumption or domestic consumption but imports start from a considerably lower basis. Thus, the increase in imports of 41.6% between 1963 and 1967 represents only an absolute increase in quantity of 204.9 *million* pounds, whereas the increase in domestic mill consumption of 24% represents an increase of 1.7 *billion* pounds.

The table also shows that whereas mill consumption remained practically unchanged for 1966 and 1967 (a decrease of 0.3%) imports dropped by 9.6%. An examination of the magnitudes involved (Table 5) puts these percentage figures in perspective as well.

A more meaningful measure of imports to apparent consumption is contained on Table 6 based upon the Tariff Commission Report. Overall measures such as those in Table 5 distort impact. Breaking the ratios into yarn, fabric and wearing apparel, modest levels of import penetration are revealed with moderate increases in the years since 1962.

Although the ratios for 1967 cannot yet be computed because of the unavailability of the underlying data, the general trends of imports and domestic production would indicate that they are not greatly changed from 1966 levels, with probably a lower ratio for fabric and a slightly higher ratio for apparel. Some rough indication may be obtained from an examination of Tables 7 through 10. Table 7 shows that shipments of the domestic textile industry decreased by 2% from 1966 to 1967. Imports of textile products (yarns and fabrics) shown on Table 19 decreased by 18.3% from 1966 to 1967. This would indicate a lower ratio of imports to domestic consumption for fabrics and probably for yarns as well although separate figures for yarns are not available on the domestic side.

First quarter figures show shipments for the domestic textile industry increased by 14.5% in 1968 over 1967 (Table 7). Textile imports for the same period increased 11% (as shown on Table 9). However, fabric imports dropped by 11.7% and yarn imports increased by 54.3%.

Thus, overall shipments for the domestic industry in the first quarter of 1968 are growing faster over 1967 levels than imports with the indications of substantially better performance for the domestic industry in the fabric sector.

It is interesting to note that the increase in imports was due almost entirely to cotton yarn imports covered by the LTA. This is undoubtedly due to the shortage of cotton in the United States.

For the apparel and home goods industry, production in 1967 was practically the same as in 1966 (see Table 8). In imports, however, there was a 7.7% increase for roughly the same items, with a 12.9% increase in apparel imports and a decline of 4.9% made-up and miscellaneous goods (Table 10). For the domestic

apparel and home goods industry the first quarter of 1968 shows a 5.1% improvement over the 1967 period. Imports during the same period increased by 11.1%.

Although the above figures are not strictly comparable, since the domestic figures are in the value of shipments and imports are in an equivalent square yard basis, they do roughly indicate that imports of textile mill products are doing relatively poorer than domestic shipments, but that apparel imports are increasing more quickly than domestic shipments of apparel. From all indications, however, figures for the remainder of 1968 should see a marked improvement of the domestic apparel industry's performance. Apparel industry's performance. Apparel industry performance usually lags somewhat behind its supplier, the textile industry.

Given this performance of the textile and apparel industries, despite increasing imports, there is simply no basis upon which the claim for special import protection could legitimately be made.

The textile industry has, in effect, admitted there has been no injury due to imports; and it could hardly claim an imminent threat of injury such as to justify escape clause action under the Trade Expansion Act of 1962. Rather, the textile and apparel industries have indulged themselves in expressions of vague apprehension about the long-range future growth of imports and the long-range impact of such imports on their industries. Although the domestic textile industry has made half-hearted attempts at projecting imports on the basis of past performance, such projections have been without real conviction; and during the hearings, a major witness for the industry, in effect, admitted that such projections are worthless.

The Tariff Commission did not directly engage in a forecast of the long-range future other than to note an expected increase in the consumption of fibers of about 10 billion pounds in 1970 compared with 8.7 billion pounds in 1967.

We believe that the truth of the matter is that it is impossible, and it would be foolhardy, to make any real projection of future share of imports and of domestic production in U.S. consumption.

There is, however, a general consensus that the consumption of textiles and apparel will increase markedly in the next decade. The factors accounting for this projected increase are (1) a growing population, (2) an increasingly favorable distribution of population by age group with increases in the younger family-forming age brackets, (3) a projected increase in per capita income, (4) a marked increase in families earning over \$10,000 a year (21% in 1963 compared to 58% in 1976 as projected by the NPA) and a marked decrease in families earning under \$4,000 (from 29% in 1963 to 12% in 1976 as projected by the NPA). There is also an increasing per capita consumption of textiles and apparel evident over the last five years which could continue with the growth of discretionary disposable income and increased promotional activities on the part of fiber producers and manufacturers. The immeasurable factors of style, fashion, and changes in the style of living will probably also enhance the sales of textile and apparel items.

Textile World in a study of the long-range consumption of textiles and apparel predicted a 4% yearly gain in physical production over the next 10 years and predicted that the Textile World Index would hit 220 in 1976 compared with 152 in 1966.

Also of immeasurable importance in calculating the future performance of the industry is the increasing and substantial rate of capital investment in the industry of the last five years, increased expenditures for research and development and the substantial modernization and improvement of plant and machinery.

We believe that the best answer to the question of future impact is that over the last seven years the textile industry has been well able to withstand import competition. In the face of rising imports the industry has performed remarkably with most indices registering performance superior to that of the economy as a whole. The industry has become immeasurably strengthened.

We believe that a serious question remains as to whether imports in important sectors will be able to continue to compete with domestic production. This is not our judgment alone. Goodbody & Co. in an industrial survey of the textile industry this year states:

"Apparently, the industry has learned to live with such problems as growing imports and rising wages. The emergence of large integrated mills, staffed with professional managements, has greatly strengthened the textile industry's financial position and enhanced the investment attractiveness of the group."

* * * * *

"The outlook is for some increase in imports this year, especially synthetics. However, we believe that the U.S. textile industry's ability to meet competition through quality, service, new technology, and highly efficient facilities will go far to stem the inroads made by imports."

Under the standard of the Trade Expansion Act of 1962 (continuing the standard of the escape clause under the Reciprocal Trade Agreements Act) the question of future impact is limited to the concept of "threat of injury." This concept was defined definitively by the Tariff Commission in the Lamb and Mutton case as follows:

"[A] finding of threatened serious injury must be based upon facts which, applied to the statutory criteria, show that serious injury is about to occur. In other words, the serious injury must be imminent and not remote, conjectural, or based on mere suspicion, rumor, fear or possibility."

President Eisenhower, in rejecting a finding of threat of injury in the case of Scissors and Shears, stated in a letter of May 11, 1954:

"When this provision of the law is invoked, I believe that the evidence brought forth to substantiate the judgment of threat must be of such character as to leave no doubt that actual injury is imminent."

Certainly, there is no evidence that injury is "imminent" or "about to occur." The assertions which we have seen emanating from the domestic industries are certainly "remote, conjectural" and "based on mere suspicion, rumor, fear or possibility."

Based on the foregoing we do not believe that there is any economic justification for the imposition of quotas or for other import restrictions on imports of textile and apparel products.

II. Import Quotas or Other Import Restrictions will not Solve the Real Problems of the Domestic Textile and Apparel Industries nor would They Solve Other Problems for which Import Protection is Claimed to be a Solution.

There are, despite the remarkable progress made by the textile and apparel industries, important problems both at present and in the future. Import restriction by quota or otherwise would not solve these problems and in most cases would either hinder solutions or perpetuate existing difficulties. Imports are a stimulant to these industries; their removal as a factor would dampen the incentive to improve.

The principal problems faced by these industries were well set out by the Bureau of Labor Statistics in an article entitled "Technology and Labor in the Textile Industry" published in the "Monthly Labor Review" for February 1968. After reviewing the movement toward "larger, vertically integrated companies and substantial investments in plant and equipment" the article stated:

"The changes, however, are spearheaded by large companies with necessary financial means while thousands of small firms are only moderately involved in modernization. Consequently the gap in unit costs and productivity between the industry's leading and marginal mills may widen, placing the smaller plants under increasing competitive pressure."

The real problem of the smaller plants in the industry are technological developments and the competitive strength of the larger units. Import protection would merely constitute a windfall to those larger units who by and large dominate the marketplace and would not materially assist the smaller, less efficient units of production which would still face fierce competition from the industry giants. To the extent that smaller units were helped by import protection, this could perpetuate weaker, inefficient units with lower productivity and hence lower wages and impede what may be a desirable trend of consolidation and merger in the industry to form stronger productive units. This might be particularly true in the apparel sector where the movement to larger units, although pronounced, has not been as extensive as in the textile sector.

Import protection might likewise, for both smaller and larger units, impede needed investment, modernization of facilities, research and development in new product lines, improved inventory control and promotional efforts. It is in these areas that solutions lie, not in a regressive protectionism which masks inefficiency.

The solution to the problem of smaller marginal firms certainly lies either in an increase in their efficiency or in merger with organizations which can supply the financial strength, marketing or managerial skills necessary to sustain a viable economic unit. The cruel way, which existed in the past, was to let such units die.

The adjustment assistance provisions of the Trade Expansion Act, and especially the modifications and improvements contained in the Administration's draft bill on trade now before the Congress provides the avenue to attack the real problems of the smaller, less efficient units of production.

It has been suggested that import quotas are the solution to the problems of employment, especially those of unskilled minority groups. There has, in the first place, been increasing rather than decreasing employment in both industries. This has been particularly true in the South and particularly true among Negroes. These assertions are well documented in the report of the Bureau of Labor Statistics cited above.

The problem of employment in the future is also discussed in this article. Future problems stem from the rapid development of labor-saving devices and more efficient production, especially in the textile sector. This progress in the industry, however, also means greater productivity per worker which can, in turn, support a higher wage level. Given a rapidly expanding economy over the long run it would be economic suicide and no service to workers to impede this progress and with it the possibility of a higher wage level. This may mean a gradually decreasing level of employment in this particular industry. It augurs well, however, for increasing worker prosperity in the economy as a whole.

The solution to the problem of unskilled minority workers certainly does not lie in artificially creating jobs for the unskilled for wages at an extremely low level. The future would be mortgaged by a policy which called for impediments to technological development at the expense of creating immediate jobs for the unskilled. Certainly the solution lies in more positive programs such as an adequate program of worker training.

Constructive solutions to these problems are certainly not beyond our imagination, intelligence and will.

Certainly quotas are not the answer to problems of employment. Import restriction in the textile field would beget retaliation on United States exports in other fields. Any protection which might be afforded workers in the textile and apparel industries would be at the expense of employment in other industries.

It is also claimed that somehow import restrictions will solve the problem of the cotton farmer and the sheep grower. Clearly, their problems lie in the competition of manmade fibers. The available supply of cotton has been drastically reduced while the price of cotton has increased to levels not competitive with manmade fibers. With or without import quotas a steady attrition in the consumption of cotton by textile mills is clearly indicated unless an effective program can be mounted encompassing research, fiber improvement, more competitive prices to the mills and finished product promotion.

The domestic industries have claimed that our balance of payments problem would be solved by import quotas. The weakening of the foreign trade balance in textiles and fibers has in large part been due to a vastly restricted availability of raw cotton for export. Here again a solution to the problems of cotton would probably do much to ease the balance of trade in this particular sector.

Certainly, however, a favorable trade balance in each sector of production is not a realistic goal for the national economy. An import balance in textiles, fibers and apparel is certainly tolerable if there is an overall export balance.

The real answer to the balance of payments argument, however, is that import quotas on textiles would be self-defeating and would beget at least equivalent protection by other countries, with a real danger that the imposition of such quotas could trigger a trade war.

Fundamentally, our balance of payments has suffered because our economy is inflationary and because of overseas military expenditures. Imports are attracted, and exports discouraged under these conditions. General measures to remedy our internal situation are clearly the constructive and meaningful responses to our current balance of payments difficulties.

The domestic industries have threatened to run away to foreign countries unless their demands for import restrictions are satisfied. We heard the same story in connection with the flight from New England in the 1950's. This industry will invest overseas if it is profitable to invest overseas and in those areas and those products where such investment is economically meaningful. Import quotas, unless drastically restrictive would not stop whatever investment which would take place without quota protection. In fact, since profit, not volume, is the motive of these enterprises, a quota system might even stimulate foreign investment in some product lines, since reduced overseas costs combined with a controlled market in the United States and quota allocation could mean higher profits in some cases.

There is, furthermore, nothing unhealthy about foreign investment in underdeveloped areas and indeed it is a policy of the United States Government to stimulate such investment by the private sector.

We seriously doubt whether the extensive, modern facilities in South Carolina are going to move lock, stock and barrel to Timbuktu. Foreign investment will undoubtedly be moderate and in those areas where production in the United States is least competitive. The advantages of production in the United States, close to the market, without the difficulties attendant upon production in foreign countries, will in most cases outweigh the advantages of moving off shore. Certainly the Committee must consider that some investment overseas by this industry might be a healthy thing both for us and for the rest of the world.

Another argument utilized by the industry is that import quotas would help the economic development of "Appalachia." The textile industry has moved to the South and expanded the economy of this region. In 1963, 57% of the employment in the textile industry was located in the Southern Atlantic states. In contrast, in the apparel industry, only 16% of employment was located in the Southern Atlantic states with 44% in the Middle Atlantic states. This is clearly related to union policies and practices preventing the movement of the apparel industry from high cost areas centered around New York City to areas such as the Appalachian region. If the union and industry are truly interested in the development of Appalachia, we suggest that they look to an amelioration of their own practices for a solution, rather than to import protection which would not increase any movement to these areas if the same union policies are maintained.

There is an argument that other countries impose quotas on imports of textile and apparel articles not only from the United States but from the lesser developed countries.

We hold no brief for such import restrictions on the part of other countries and join United States textile and apparel industries in calling for their prompt termination. This is a difficult and often frustrating endeavor for the United States. The solution, however, clearly does not lie in erecting import barriers of our own. We cannot allow the most protectionist policies in some other countries to become the common denominator of either our policies or those of the trading world. It is no solution to protectionism in some countries to erect world-wide cartels.

III. *Quotas are the Most Regressive Form of Protection.*

Quotas create more disruption than they attempt to cure. The arguments against quotas as a device are set forth in a pamphlet published by the American Importers Association entitled "Here's What's Wrong With Import Quotas." These arguments are familiar to the Committee, and we will not repeat them at any length here. But it bears repeating that the administrative burdens and red tape involved strangle commerce, introduce artificial elements into business decisions and confound commercial practices and policies. Quotas are certainly the most inflation inducing of protectionist devices. And no other device is better calculated to fetter the free play of market forces. In industries like textiles and apparel, for example, with sudden shifts in fashion and style, complicated by seasonal factors, quotas can wreak havoc.

We do not have to go back to the stagnation of the inter-war period to learn of the disastrous effects of quotas. Recent experience under the LTA has been sufficiently detrimental. The operation of the agreement has vastly proliferated the number of supplying countries as purchasers in the United States scoured the world for available quota. We now have bilateral agreements with over 20 countries with all the attendant difficulties and problems involved in negotiation, and a cumbersome and costly governmental bureaucracy to deal with the minutiae of regulation. We have used up valuable good will in these negotiations which might best have been utilized in more productive discussions looking toward the expansion of U.S. exports. Not the least damaging aspect is the aggravation of our relations, particularly with the lesser developed countries. Our experience under the LTA should be enough to convince us that extension of the principle would not be in the best interest of the United States.

IV. *The Imposition of Quotas would be Disruptive of United States Trade Relations and would Engender Retaliation leading to a Deterioration in World Trade and Concomitant Regressive Effects on the United States Economy.*

This general proposition has been thoroughly enunciated by leading spokesmen in the Administration from the President on down, as well as numerous witnesses before this Committee. No purpose would be served by extensive repe-

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	147.7

Source: Federal Reserve Board.

TABLE 2.—SALES AND PROFIT: CORPORATIONS MANUFACTURING TEXTILE MILL PRODUCTS AND APPAREL AND OTHER FINISHED PRODUCTS, 1961-67

[In millions of dollars]

NET SALES

	Textiles	Apparel
1961.....	13,398	12,365
1962.....	14,449	13,241
1963.....	15,092	13,696
1964.....	16,249	14,880
1965.....	18,028	16,263
1966.....	19,513	18,110
1967.....	18,672	18,170
Change, 1961 to 1967 (percent).....	39.4	46.9

NET PROFIT BEFORE FEDERAL INCOME TAXES

1961.....	589	331
1962.....	724	415
1963.....	721	414
1964.....	947	553
1965.....	1,268	644
1966.....	1,272	740
1967.....	982	728
Change, 1961 to 1967 (percent).....	+66.7	+119.3

Source: U.S. Tariff Commission, FTC-SEC.

TABLE 3.—TOTAL EMPLOYMENT: TEXTILE MILL PRODUCTS AND APPAREL AND RELATED PRODUCTS, 1961 TO 1967, MONTHLY 1967 AND 1968

[In thousands]

	Textile mill products	Apparel and related products
Annual:		
1961.....	893	1,215
1962.....	902	1,264
1963.....	885	1,283
1964.....	892	1,303
1965.....	926	1,354
1966.....	962	1,399
1967.....	952	1,391
Monthly (seasonally adjusted):		
1967—January.....	963	1,414
February.....	954	1,401
March.....	952	1,384
April.....	945	1,390
May.....	941	1,395
June.....	948	1,396
July.....	940	1,376
August.....	946	1,381
September.....	950	1,377
October.....	954	1,384
November.....	957	1,389
December.....	964	1,397
1968—January.....	966	1,385
February.....	976	1,393
March.....	972	1,391
April.....	971	1,405

Source: U.S. Tariff Commission, Survey of Current Business.

TABLE 4.—MILL CONSUMPTION, DOMESTIC CONSUMPTION, AND IMPORTS OF MANMADE, COTTON, AND WOOL FIBERS AND PRODUCTS, 1963-67

MILL CONSUMPTION ¹				
[In millions of pounds]				
	Manmade fiber	Cotton	Wool	Total
1963.....	2,787.8	4,040.2	411.7	2,739.7
1964.....	3,174.3	4,244.4	356.7	7,775.4
1965.....	3,624.1	4,477.5	387.0	8,488.6
1966.....	4,002.2	4,630.5	370.2	9,002.9
1967.....	4,240.4	4,420.7	312.6	8,973.7

DOMESTIC CONSUMPTION ²				
1963.....	2,726.9	4,136.7	558.6	7,422.2
1964.....	3,115.8	4,331.4	490.8	7,938.0
1965.....	3,567.1	4,664.3	527.5	8,758.9
1966.....	3,977.1	4,947.9	500.4	9,425.4
1967.....	4,239.2	4,670.8	423.7	9,333.7

IMPORTS ³				
1963.....	36.2	304.3	152.5	493.0
1964.....	50.0	300.2	141.1	491.3
1965.....	79.0	360.6	156.1	595.7
1966.....	122.3	507.0	142.9	772.2
1967.....	137.6	438.5	121.8	697.9

¹ Producers' domestic shipments plus imports of fibers.² Mill consumption plus imports less exports of semimanufactured and manufactured products.³ Imports of semimanufactured and manufactured products.

Source: Textile Organon.

TABLE 5.—MILL CONSUMPTION, DOMESTIC CONSUMPTION, AND IMPORTS OF MANMADE, COTTON, AND WOOL FIBERS AND PRODUCTS COMPARED,¹ 1963-67

[In millions of pounds]					
	Mill consumption	Domestic consumption	Imports	Ratio of imports to mill consumption	Ratio of imports to domestic consumption
1963.....	7,239.7	7,422.2	493.0	6.8	6.6
1964.....	7,775.4	7,938.0	491.3	6.3	6.2
1965.....	8,488.6	8,758.9	595.7	7.0	6.8
1966.....	9,002.9	9,425.4	772.2	8.6	8.2
1967.....	8,973.7	9,333.7	697.9	7.8	7.5
Increase, 1963-67.....	+1,734.0	+1,911.5	+204.9	-----	-----
Percent.....	24.0	25.8	41.6	-----	-----
Decrease, 1966-67.....	-29.2	-91.7	-74.3	-----	-----
Percent.....	-3	-1.0	-9.6	-----	-----

¹ For definitions see table 4.

Source: Textile Organon.

TABLE 6.—RATIO OF IMPORTS TO APPARENT CONSUMPTION

	Yarn	Fabric	Wearing apparel
1961.....	0.3	2.7	2.7
1962.....	.7	4.4	3.9
1963.....	.6	4.5	4.1
1964.....	.5	4.1	4.6
1965.....	.6	5.4	5.1
1966.....	1.4	6.5	5.2

Source: U.S. Tariff Commission, Textile Organon.

TABLE 7.—*Shipments of the domestic textile industry*

[Millions of dollars]

Annual:		
1966	-----	19,588
1967	-----	19,205
Percent Change	-----	-2.0
January through March: ¹		
1967	-----	4,504
1968	-----	5,158
Percent Change	-----	+14.5

¹ Not seasonally adjusted.

Source: Bureau of the Census, Current Industrial Reports.

TABLE 8.—*Shipments of the home goods and apparel industry, 1966 and 1967; January through March 1967 and 1968*

[Millions of dollars]

Annual:		
1966	-----	49,716
1967	-----	49,388
Percent Change	-----	-0.7
January through March: ¹		
1967	-----	12,407
1968	-----	13,041
Percent Change	-----	+5.1

¹ Not seasonally adjusted.

Source: Bureau of the Census, Current Industrial Reports.

TABLE 9.—TEXTILE IMPORTS (YARNS AND FABRICS)

[Millions of equivalent square yards]

	Yarn	Fabric	Total
1966	622.2	1,077.9	1,700.1
1967	463.0	925.5	1,388.5
Percent change	-9.5	-14.1	-18.3
January through March—			
1967	140.8	267.6	408.4
1968	217.2	236.2	453.4
Percent change	+54.3	-11.7	+11

Source: U.S. Department of Commerce.

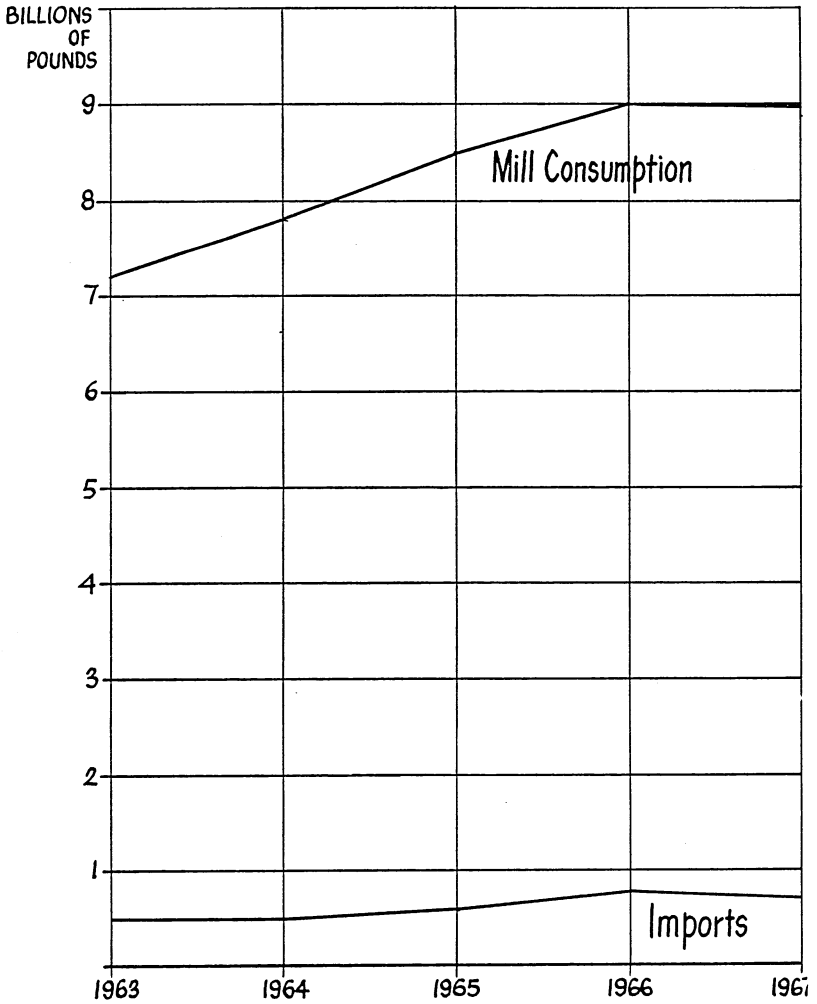
TABLE 10.—IMPORTS OF APPAREL AND MADE-UP AND MISCELLANEOUS GOODS

[Millions of equivalent square yards]

	Apparel	Made-up and miscellaneous	Total
1966	777.3	319.1	1,096.4
1967	877.3	303.5	1,180.8
Percent change	+12.9	-4.9	+7.7
January through March—			
1967	217.5	77.1	294.6
1968	246.1	81.2	327.3
Percent change	+13.1	+5.3	+11.1

Source: U.S. Department of Commerce.

United States Mill Consumption and Imports of Man Made Cotton and Wool Products Compared, 1963-1967



(The Commission report referred to follows:)

UNITED STATES TARIFF COMMISSION

Textiles and Apparel

(Report to the President on Investigation No. 332-55 Under Section 332 of the Tariff Act of 1930)

TEXTILES AND TEXTILE PRODUCTS—AN OVERALL VIEW

Particularly since the early 1950's, the various producing industries discussed herein have been subject to rapid and profound changes—of both foreign and domestic origin. In the industrialized countries of the world, the production of textiles, while expanding, has shifted in emphasis from natural fibers to a complex of fibers involving cellulosic and noncellulosic manmade materials as well as cotton and wool. Indeed, for such countries, there was a singular similarity of trend, with production and consumption of manmade fibers accelerating (both in absolute and relative amounts), the consumption of cotton remaining fairly stable, and that of wool tending to decline, if not in absolute amounts, at least relatively.

Concurrently, increasing numbers of countries have achieved independence and, in endeavoring to attain a measure of economic growth, many of these have turned to the production and exportation of textiles. To a significant extent, the textile industries in these newly developing countries were based upon cotton, and in some areas were supported by U.S. aid programs.¹ In more recent years some of these have also turned increasingly to the production of textiles from manmade fibers and blends thereof.

This increase in the world output of textiles and change in fiber composition affected U.S. exports. With the emergence of manmade fibers in the industrialized countries, and of many new producers of raw cotton and of cotton textiles in lesser developed countries, U.S. exports of raw cotton declined. Noteworthy, for example, was the decrease in shipments of raw cotton to the European Economic Community, where expanded output of manmade fibers, coupled with the increased production of cotton in associated countries, reduced the requirements of the Community for imports. Of no less significance was the increased competition in world textile markets, as a result of which United States exports showed little growth whereas imports increased rapidly.

Within the U.S. textile industries, changes of great magnitude were also taking place. From 1961 to 1966, the annual U.S. mill consumption of all textile fibers expanded rapidly, rising from about 6.6 billion pounds to about 9.0 billion.² This annual growth rate, amounting to about 6.5 percent, was several times higher than in the previous decade. Virtually all of this increase was attributable to manmade fibers, the aggregate consumption of which increased by 1.9 billion pounds from 1961 to 1966. Whereas manmade fibers accounted for about 31 percent of the total U.S. mill consumption in 1961, this proportion rose to about 45 percent by 1966. The share for cotton declined from 62 percent to 51 percent in the same period, and that for wool from 6 percent to about 4 percent.

This dramatic shift in the fiber composition of consumption also had a pronounced effect upon the technology and the traditional structure and organization of the producing industries. With the emergence of large chemical concerns as important producers of textile fibers, sizable and increasing amounts of capital were invested in the development of new products, new processing technology, and market promotion, while the use of manmade fibers often resulted in the simplification, or even elimination, of some processing operations. Modern manage-

¹ U.S. aid programs identifiable with textile mills totaled \$16.7 million in the fiscal years 1955-59, \$13.4 million in 1960-63, and \$7.5 million in 1964-67, or an aggregate of about \$38 million from 1955 to 1967. Of the total amount, Near East and South Asian countries (chiefly India and Iran) received \$13 million; East Asia (Indonesia and Korea) \$13 million, and Africa (virtually all in Sudan) \$10 million. During the fiscal years 1960-67, program assistance for textile machinery totaled \$44 million, compared with commercial exports of such machinery valued at \$41 million in the same period.

² It should be noted that a comparison of 1961 with 1966 results in some upward bias in growth rates because of the low level of economic activity in the early 1960's and the impetus that has been given the economy by the hostilities in Viet-Nam. Nonetheless, the recent growth in the production of textiles kept pace with that of nondurable goods manufacturing in general, and the expansion during the intervening years 1962 to 1965 was of high magnitude relative to that of the 1950's.

ment techniques, and the introduction of new, sophisticated, high-speed machinery resulted in greater efficiency. New products, such as laminated fabrics, were introduced with increasing frequency and gained wide consumer acceptance. As these changes occurred, often at an accelerating rate, many small concerns, lacking adequate capital resources, found it increasingly difficult to adjust to new conditions of production and marketing. Partly as a result of this difficulty, notably in the past decade, there was a pronounced tendency toward merger and consolidation within the industry, and larger companies have thus accounted for a greater share of the market.

In addition to the foregoing changes, total imports also expanded sharply from 1961 to 1966, whether measured by quantity, by value, or in relation to consumption. Such imports, moreover, have encompassed a wider range or variety of goods than heretofore, and they have been supplied by ever increasing numbers of countries.

Accompanying these significant changes in the production and marketing of the textile and apparel industries, the domestic producers, have, by most broad measures, enjoyed a period of unparalleled growth since the early 1960's.³ By and large this growth is attributable to the sustained rise in the level of economic activity in the U.S. economy. As the national product, industrial output, and population and disposable incomes expanded, the demand for textiles for both personal and industrial use grew accordingly.

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. In the third quarter of 1967, profit ratios (based on net sales) of textile producers were higher than in earlier periods of that year, whereas those of all manufacturing corporations were not. Notwithstanding that the profit ratios for the producers of textiles have expanded at a faster pace since 1961 than have those for all manufacturing, these ratios continue to be substantially below those of all manufacturing corporations. Thus, in July-September, 1967, the net profit of the textile mill products industries (5.3 percent) was about a third lower than that of all manufacturing corporations (7.8 percent). The profit ratio for apparel products (4.7 percent) was about 40 percent lower. It should be observed, however, that the rate of return on equity for apparel producers tended to be as high as that for all manufacturing corporations during 1961-66. The comparable rate of return for the producers of textile mill products was below that of all manufacturing.

The foregoing indexes of economic activity are, of course, overall measures, or averages, which conceal significantly divergent trends within industry groups covered by the broad classification for "Textile Mill Products," and "Apparel and Related Products." The causes for these divergencies reflect the interaction of a variety of complex economic forces. These include such factors, for example, as changes in technology and the failure or inability to adjust thereto; the swift, and often accelerating, change in consumer tastes and fashion; the influence of the very marked shift in the composition of raw fibers consumed; competition from nontextile products such as paper or plastics; and, finally, the increased imports.

By most broad measures, whether in terms of quantity or in relation to consumption, the trend in the imports has been upward since 1961, as is to be expected during a period of expanded economic activity. The impact of such imports, however, is clearly unevenly distributed and varies according to the market conditions for the product concerned.

An increase in the ratio of the imports to consumption is not necessarily indicative of the impact that such imports had, or are having, upon particular domestic producers. Some imports, such as yarn or woven fabrics, for example, constitute the raw materials of domestic producers of finished products but may be directly

³ The Federal Reserve Board Index of production (1957-59=100) shows that the production of textile mill products expanded 33 percent from 1961 to 1966, while that for apparel and related products rose 34 percent. Although production declined in the first half of 1967, a reflection of the recent leveling of the economy as a whole, the September 1967 index of output of mill products (141.2) was almost as high as the 1966 average (142.5). The production index for apparel products in August 1967 (146.1) was higher than in immediately preceding months, but still lower than the 1966 average of 150.1.

competitive with yarn or fabric manufactured by domestic mills for sale to others. To the extent that such imports displace the domestic output of yarn or fabric, they obviously affect the domestic production of raw textile fibers.

The relationship between domestic output and imports is in fact considerably more complex than is indicated by this illustration. Some of the products of the types imported are not produced in great quantity in the United States for a variety of reasons. Many of the imported products are directly competitive, but the impact of imports varies according to whether the domestic output is mainly captive of a large, prosperous, integrated, multiproduct mill or is produced chiefly by a small independent mill which derives its income principally from the sale of fabric to others.

The competitive impact also varies over time. In periods of relatively full employment of domestic textile resources, the imports of such materials frequently are complementary rather than supplementary to domestic production. In periods of slack demand, the imports may have a more pronounced economic effect than when business activity is at a high level, even though the imports be of a lower relative magnitude.

With regard to apparel, the increasing level of imports in recent years reflects in great part the active efforts of both retail and wholesale institutions in the United States to broaden the variety of their product lines and the price ranges at which they are sold. A large but unknown portion of this merchandise is comparable to the domestic product both in terms of price and quality. A substantial proportion of the total volume and value of the imported merchandise appears to be made up of products which are of low price and are marketed principally in retail outlets which promote and sell these products mainly on the basis of price; such products appear to be sold principally to lower income groups or to others for whom cost is a major consideration.⁴ On the other hand, still other products are characteristically of high price and style, for which demand and the domestic output may be limited. Thus, the effects of the imports of apparel, like imports of fabrics, vary greatly. Imported cotton shirts selling for low prices may have a considerable impact upon a small concern whose output is limited to shirts of the same price range, but have little or no effect upon that of a large, multiproduct producer whose shirts sell at substantially higher prices. The quantitative data respecting either the trend of imports or the relationship between imports and consumption overall fail to indicate the actual effects such imports have either on profits or on employment for particular producers.

As noted above, there has been a general increase in the level of imports. The percentage of U.S. consumption represented by such imports varies. Based on quantitative data, the report shows that in the aggregate, the annual imports of yarns of the three major fibers (cotton, wool, and manmade fibers) rose from about 25 million pounds in 1961 to about 121 million pounds in 1966. They were consistently less than 1 percent of apparent consumption in each of the years 1961-65, and were 1.4 percent of consumption in 1966. U.S. imports of broad-woven fabrics rose from 356 million square yards in 1961 to 1.0 billion in 1966. In that period, the annual ratio of imports to consumption rose from about 2.7 percent to about 6.5 percent.⁵ In terms of their raw fiber equivalents or content, the annual imports of wearing apparel increased from 79 million pounds to 186 million over the 1961-65 period, and increased further to 194 million pounds in 1966. The annual ratio of imports to consumption increased from 2.7 percent to 5.1 percent from 1961 to 1965. The comparable ratio for 1966 is not available.

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.

⁴ Commissioner Clubb observes that the Commission has not assembled evidence which supports the proposition that low price goods are sold to low income groups, but general experience would indicate that this is probably true. To the extent that it is true, of course, any import restriction which increased the price of such goods would operate as a tax on these low income consumers.

⁵ As indicated in table 20, the import-consumption ratio for cotton fabric rose from 2.9 percent in 1961 to 7.4 percent in 1966, and that for fabrics made from manmade fibers from 1.3 percent to 4.5 percent. The comparable ratio for wool fabrics rose from 8.8 percent in 1961 to 17.1 percent in 1965 and was 14.4 percent in 1966. A large part of the increased imports of wool fabric over the 1961-66 period consisted of so-called Prato cloth from Italy. Imports of this fabric may be expected to decline if certain tariff classification changes under consideration by the Congress are enacted.

With the leveling in the domestic economy in the first half of 1967, the total value of imports declined.⁶ An upturn in the economy in 1968 would doubtless have the effect of stimulating a further expansion in imports, particularly of mill and apparel products, including those made from manmade fibers and blends thereof, for which the demand is expanding most rapidly. Data respecting the supply elasticities of existing or potential foreign suppliers of textiles are, however, limited.

With respect to longer-term prospects, the President's National Advisory Commission on Food and Fiber estimated recently that the total domestic consumption of all fibers will reach about 10.0 billion pounds in 1970, compared with 8.7 in 1967. The forecast for manmade fibers is 4.5 billion pounds, compared with 3.9 billion in 1967.^{7 8 9}

⁶ In January–September 1967, the annual rate of the total foreign value of textile imports, including fibers, was 9 percent lower than in 1966. The value of imports of textile mill products was 10 percent lower; the annual rate for clothing was 8 percent higher.

⁷ *Cotton and Other Fiber Problems and Policies in the United States*, National Advisory Commission on Food and Fiber, Washington, D.C., July 1967.

⁸ Commissioner Culliton wishes to make the following statement:

"I disassociate myself from the foregoing material on pages 4–13. I do this not because I object strongly to specific observations but because I disagree with certain explicit and implied relationships and the relative emphasis on various factors.

"In my opinion the Commission's collection, selection, and organization of available data, as presented in Volume II and the analysis in Volume I, treat with facts and significant relationships. I prefer to have the Commission's investigation, which was done under extreme time pressures, rest on such factual and analytical work alone without the addition of this particular statement."

⁹ Statement by Commissioner Clubb follows:

"During the course of the Commission's investigation a number of important factors were developed which I believe should be stated clearly at the beginning of the Report. All of these are mentioned someplace in the 400 odd pages of the Report's two volumes, but I fear that unless they are all mentioned in one place some will be lost or diluted in the mass of other material.

"The first and most important factor is that the 'textile and apparel industries,' which are the subject of this Report, contain many diverse elements, having widely varying experiences with profits, employment, investment and imports. When all of these are lumped together into 'textile and apparel industries,' the aggregate figures undoubtedly conceal many individual cases of both hardship and success. Profits, employment and investment may be going up for the entire industry, but certain segments of the industry may be in a state of considerable distress; imports may not be accounting for a significant part of the total market, but they may be almost completely displacing domestic production in isolated areas.

"The Commission investigation was addressed only to the industry-wide questions, and therefore the principal limitation of the report is that it provides information which is primarily useful in determining whether or not industry-wide problems exist. No attempt has been made to identify individual areas of difficulty which might justify separate treatment.

"With this qualification in mind, the following statements appear to be true of the 'textile and apparel industries':

"1. *Producers:* Profits, which are lower than the average for manufacturing industries, have been rising in recent years at a faster rate than for the average manufacturing industry; sales and investment are also rising, and the short-term prognosis is quite favorable.

"2. *Employees:* 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.

"3. *Industry Structure:* There appear to be two developments taking place which are changing the structure of the textile industry. First, the marked and continuing shift to the use of manmade fibers has caused the portions of the industries associated with such fibers, notably chemical concerns, to assume a greater role within the industry. Second, there appears to be a trend toward greater concentration in the textile industry, with some of the larger firms becoming still larger, and some of the smaller firms going out of business.

"4. *Imports:* Imports are rising at a faster rate than the sales of domestic producers. Nonetheless, overall imports of textile and apparel merchandise remain below 6% of total U.S. consumption of these articles. It should be noted, however, that in some categories, imports account for a substantially higher proportion of U.S. consumption.

"5. *U.S. Consumers:* It appears that a substantial portion of the total apparel imports are in the form of low price merchandise. There is some indication that such items are purchased largely by low income groups, although this cannot be said with complete certainty. (See note on page 10.) To the extent that such imports are purchased by low income consumers, however, it is perhaps relevant to note that any import restrictions on them raise the price of such purchases, and would in effect operate as a tax on these low income consumers.

"Finally, it may be relevant to note that the fiber producers, textile manufacturers, and apparel producers are related in such a way that Government programs designed to assist one group may have adverse effects upon others. For example, programs of assistance to cotton and wool producers may raise the raw material costs of the textile mills and make the mills less able to compete with foreign mills which have lower raw material costs."

Mr. DANIELS. I would like before concluding, however, to insert a few things into the record so that our testimony can be complete.

First, I would like to insert an article from the Textile World of May 1968 headlined, "Index Up 15 Points Over Year Ago," in which this trade journal, which is a leading publication in the field and certainly one well respected by the domestic industry, points out that the textile industry is now producing and operating at peak capacity, that they are now at 96 percent of capacity, which is their preferred rate, and that they will break all previous records for production.

I would also like to introduce from the same publication, however from the February 1968 issue, a survey of the outlook for 1968 in which this publication predicts a very remarkable year for the industry.

I would also like to introduce what we have found most interesting reports by financial analysts on the textile industries. I would like to insert these as they appear, inserted into the Congressional Record by the Honorable Joseph D. Tydings, Senator from Maryland, with a speech and the reports.

And finally, I do think that the committee would be interested in an article appearing in the Monthly Labor Review prepared by the Bureau of Labor Statistics, U.S. Department of Labor, entitled "Technology and Labor in the Textile Industry" which I think gives the lie to some of the arguments we have heard concerning employment, the impact of imports, and the employment outlook for this industry.

Mr. LANDRUM (presiding). Without objection they will be included at this point in the record.

[From *Textile World*, May 1968]

Index up fifteen points over year ago

Textile industry activity continued upward in March, reaching 164 on TW's exclusive Index of Textile Manufacturing Activity. Textile plant managers continue to operate at or close to their preferred rate of 96% of capacity. And with shipments running at more than a \$20-billion rate (seasonally-adjusted), plant activity promises to stay strong.

While the inventory-to-sales ratio picked up in February to 1.91, it remains below the 2.02 of a year ago and reflects a modest inventory build up before the seasonal tapering off of plant activity in the April-May period.

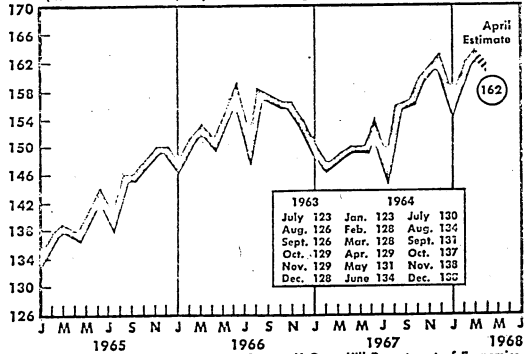
All other major textile indicators pointed up in March. Hourly earnings rose to a record \$2.17, with employment up to 969-million. By March, textile plant production was close to ten points above a year ago on the Federal Reserve Board's production index, well outpacing the gain of just over five points registered by the total U.S. production index for the same period.

National indicators also registered the healthy pace of the overall economy. The unemployment rate edged down to 3.6% from a February rate of 3.7%. A record number of persons (74.5-million) was employed during March. Industrial production rose again for the third straight month, pushed by production advances in the major industrial sectors such as autos, iron and steel, and coal.

The strong performance of all the major economic indicators closed out a first quarter that saw the Gross National Product increase \$20-billion (annual rate) from the fourth quarter of 1967.

Index of Textile-Manufacturing Activity

(Man-hours worked, adjusted for changes in productivity 1954=100)



Source: McGraw-Hill Department of Economics

	Latest month	Previous month†	Year ago
TEXTILE WORLD'S exclusive Index (chart above) ..	164	162	149
Employment (thousands)¹ ..	969.0	967.1	940.1
Production Workers (thousands)¹ ..	858.7	857.9	841.7
Weekly Earnings (dollars)¹ ..	89.62	89.42	81.20
Hourly Earnings (dollars)¹ ..	2.17	2.16	2.02
Weekly Hours Worked¹ ..	41.3	41.4	40.2
Production Index (1957-1959=100)² ..	151.7*	146.9	141.7
Wholesale Price Index (1957-1959=100)¹ ..	104.6	104.3	102.0
Wholesale Price Index (1947-1949=100)¹ ..	99.0	98.7	96.3
Manufacturers' Sales (billion \$)³ ..	17.12*	17.47	15.13
Manufacturers' Inventories (billion \$)³ ..	32.64*	32.39	30.60
Inventories-to-Sales Ratio ..	1.91*	1.85	2.02
Stock Price Index (1941-1949=100)⁴ ..	81.68	83.21	70.10
Failures⁵ ..	3	5	2
Operating Ratio¹ ..	96.0	96.5	91.5
Seasonally Adjusted Textile Shipments (billion \$)⁶ ..	20.5*	21.0	18.2
NATIONAL ECONOMIC INDICATORS			
Industrial Production (1957-1959=100)² ..	162.1	161.5	156.4
Consumer Price Index (1957-1959=100)¹ ..	119.0*	118.6	114.8
Wholesale Price Index (1957-1959=100)¹ ..	108.2	108.0	106.0
Civilian Population (millions)⁷ ..	197.0	196.9	195.0
Unemployment (millions)⁸ ..	2.9	3.3	3.0
Employment (millions)⁸ ..	74.5	74.1	72.6
Seasonally Adjusted Unemployment Rate (percent)⁸ ..	3.6	3.7	3.7
Personal Income (billion \$)⁹ ..	666.0	659.3	615.6

*February. Otherwise latest month is March. †Revised. ‡Annual rate.

1. Bureau of Labor Statistics; 2. Federal Reserve Board; 3. Department of Commerce; 4. Standard & Poor's; 5. Dun & Bradstreet; 6. Bureau of Census; 7. McGraw-Hill Department of Economics.

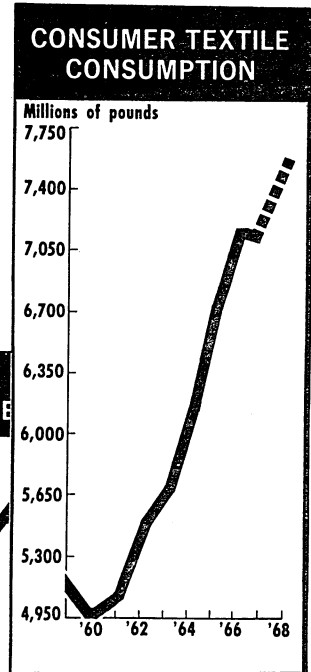
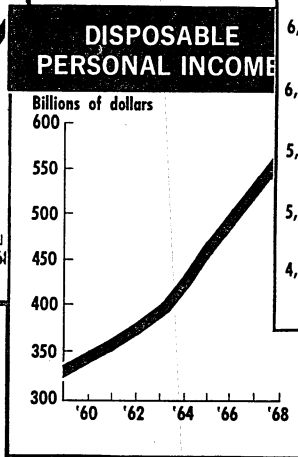
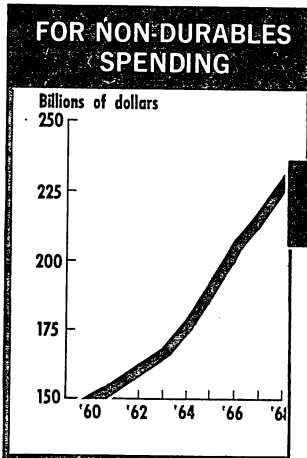
[From *Textile World*, February 1968]

The Look of '68-

Consumer vitality promises textiles a good year

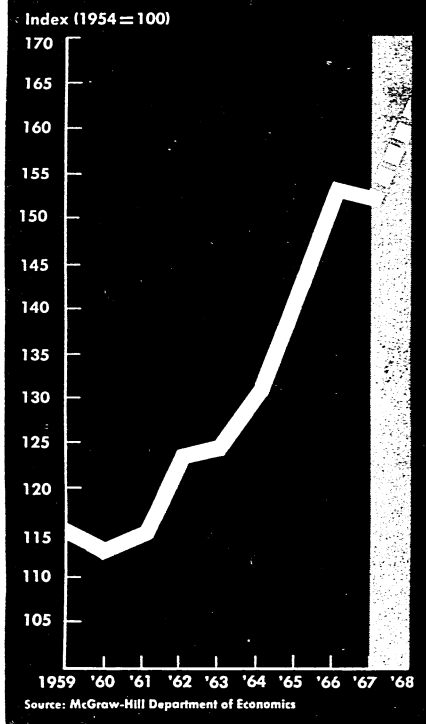
TEXTILE MANUFACTURING ACTIVITY will break new records this year - and the consumer will supply much of the impetus. After a modest decline in 1967 that interrupted six years of continuous growth, TEXTILE WORLD'S exclusive Index of Textile-Manufacturing Activity should reach 162-up 6% from last year.

Strong consumer demand will spur the industry to a new record. Even if there is a tax hike, consumers will have



Textile manufacturing activity: a record

(Man-hours worked, adjusted for changes in productivity)



about 6% more income to spend this year. Fiber consumption will benefit from rising family formations—those famous war babies are finally coming of age and getting married. And automobile sales will exceed 9-million this year. All these factors will raise the textile operating rate closer to the preferred level, and textile mill profits after taxes will rise at least 5% in 1968.

This year's strong advance in the index will be helped by other factors. The number of production workers will rise, and hours worked per week will go up also; both declined last year.

Shipments will rise to \$22.5-billion. The 7% boost in textile shipments due this year is tied to strong consumer demand, backed by rising personal income, and continued heavy Vietnam expenditures. Vietnam will help maintain textile activity at its high level. Most

experts say spending has leveled off, so there will be no new stimulus to the economy.

Stockpiling of textiles for the Vietnam war created inventory imbalances, especially in 1966, and exaggerated the level of import activity. The decline in imports also reflects falling domestic consumption.

Investment in new plants and equipment by the textile industry will remain at a high level—\$850-million. And nearly 2/3 of the expenditures will be for modernization of facilities. The remaining 35% is slated for expansion.

These spending plans seem a sure bet because mill shipments will rise a full 7% this year, while productive capacity will only increase about 4%. The operating rate for textile manufacturers has been moving up in recent months. At the end of 1967, the rate was 95.5% of capacity—close to the preferred rate of 96%. Thus, pressure is starting to build up once again to add new capacity.

Textile mill shipments hit a record \$21.1-billion in 1967 and will rise to \$22.5-billion this year. Although sales were up 3.3% last year, the textile industry reduced its capital spending for new facilities. But it had spent over \$2-billion between 1965 and 1966 and added 14% to its capacity.

One restraint on investment last year was profits (after taxes), which declined about 26% from a record \$702-million in 1966. Textile profits will advance approximately 5% this year, freeing more funds for investment.

Capital spending will also remain high, because rising labor costs will continue to force firms to introduce labor saving investment.

On the negative side, lack of funds will be a major impediment to broad advances in capital spending during 1968. While money is not overly tight yet, the Federal Reserve has already indicated that funds will not be easy to get this year. The Fed raised the discount rate three months ago, and only last month it called for selective lending. And long-term interest rates are generally higher now than a year ago.

The proposed tax surcharge may also have a negative impact on capital spending. But most companies will not adjust their plans until the bill is passed. If the surcharge is enacted, the industry plans to reduce capital spending plans \$14-million this year. Since the tax bill will not be acted upon until March or April, you can expect most of the spending cut to take place during the second half of the year.

Research and development expenditures will top last year's record \$44-million by approximately 7%. This will mark the sixth consecutive year of increased R&D spending by the textile industry. This reflects the strong emphasis on discovering new products and upgrading old ones—especially in the area of man-made fibers.

The U.S. economy will move ahead at full steam in 1968. Gross National Product—the market value of all goods and services—will gain 7.5% over last year, advancing to \$843-billion. That's almost double last year's growth. Real growth will come to 4% this year, and inflation will eat away the remaining 3½%. In 1967, real growth was only 2.5%.

It is assumed that Congress will enact at least an

8% tax surcharge on corporations and a 6% surcharge on individuals, probably retroactive to January 1, 1968. Also, the costs and needs of the Vietnam war are expected to continue at about the current level, at least until after the 1968 election.

Government expenditures will only rise modestly this year, because of the tighter fiscal spending policy. Most agencies have been directed to cut personnel costs 2% and expenditures on controllable programs 10%. Total government spending—federal, state and local—will increase \$13-billion. Federal spending will go up \$5-billion, while defense spending will rise about \$4.5-billion. Defense spending slowed down significantly in the third quarter of 1967, and all indications are that it will not be escalated, at least not until after Election Day 1968.

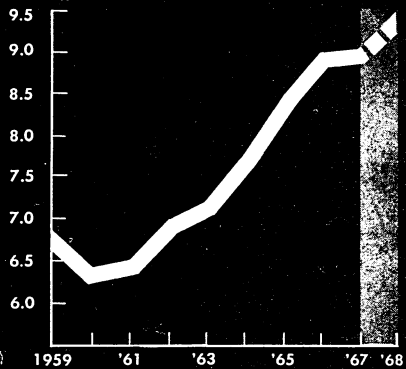
The restrained federal nondefense spending will have a big impact on state and local government expenditures, since much of the state and local spending is federally financed. Therefore, the \$8-billion increase in state and local spending this year will be less than the increase in 1967, in both absolute and percentage terms.

Business capital spending will rise about 5% this year, the same increase as reported in the McGraw-Hill fall survey. This gain is small compared with the 15-17% gains of 1964-1966, but is more than double last year's advance. But this year's increase in capital spending will merely reflect the rise in capital goods prices and construction costs. There will be no gain in the physical volume of new plants and equipment. However, capital spending will still be a positive factor in the business outlook, because \$66-billion is a high spending level to maintain.

Inventories will fluctuate this year, but by a much lesser magnitude than in 1967. The inventory buildup will be much larger than normal in the first half of the year and less than normal in the second half. Automobile production was sharply curtailed in the final quarter of 1967 because of the long strike, and inventories, which are still low, must be built up. Also, steel-consuming industries are accumulating steel stocks, and will continue to do so, as a hedge against the possibility of a steel strike on August 1. After the

Total textile demand: hitting 9.5-billion pounds

Billion pounds



Sources: Textile Economics Bureau;
McGraw-Hill Department of Economics

Textile consumption

(Million pounds)

	Other					Total
	Cloth-	fur-	pro-	Industry	Export	
	ing	nishings	ducts			
1959	2,823	1,685	687	1,330	317	6,842
1960	2,712	1,604	660	1,202	309	6,487
1961	2,784	1,630	680	1,171	295	6,561
1962	2,982	1,792	710	1,256	302	7,042
1963	3,023	1,930	737	1,255	289	7,246
1964	3,249	2,123	781	1,336	293	7,782
1965	3,515	2,394	838	1,449	295	8,495
1966	3,762	2,548	876	1,521	297	9,006
1967	3,757	2,547	879	1,531	288	9,003
1968	3,941	2,759	898	1,569	284	9,450

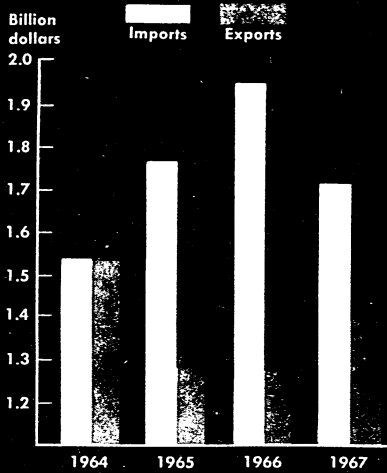
Fiber consumption: man-mades grabbing ½ of total

	Cotton		Wool		Man-made fibers				Total*
	Million pounds	Market share	Million pounds	Market share	Rayon-acetate	Market share	Other	Market share	
					Million pounds		Million pounds		Million pounds
1959	4,335	63.4	435	6.4	1,294	18.9	771	11.3	6,842
1960	4,191	64.6	411	6.3	1,082	16.7	796	12.3	6,487
1961	4,082	62.2	412	6.3	1,156	17.6	905	13.8	6,561
1962	4,188	59.5	429	6.1	1,291	18.3	1,127	16.0	7,042
1963	4,040	55.8	412	5.7	1,471	20.3	1,317	18.2	7,246
1964	4,244	54.5	357	4.6	1,556	20.0	1,599	20.5	7,782
1965	4,478	52.7	387	4.6	1,593	18.8	2,031	23.9	8,495
1966	4,632	51.4	370	4.1	1,622	18.0	2,376	26.4	9,006
1967	4,447	49.4	304	3.4	1,517	16.8	2,730	30.3	9,003
1968	4,442	47.0	284	3.0	1,512	16.0	3,213	34.0	9,450

Sources: Textile Economics Bureau; McGraw-Hill Department of Economics

*Includes silk.

Imports drop to \$1.7-billion as exports inch forward



strike deadline, steel inventories will have to be cut back. But by then auto production and inventories will be back to normal.

Consumer expenditures for goods and services, accounting for nearly 2/3 of all final spending in the economy, will rise \$33.5-billion or 6.7% this year. Even with the anticipated tax hike, consumers will be able to buy more durable goods than ever before. Part of the rise will be due to some postponement of auto purchases from late 1967 because of the prolonged strike. Also, a higher number of housing completions this year will result in additional demand for appliances, furniture, and a host of other items. And prices of consumer durables will be up more this year than in any year in the past decade.

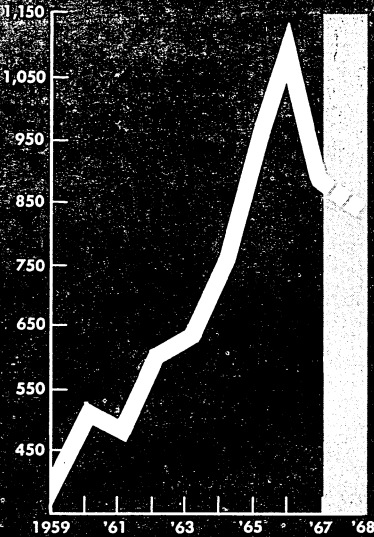
Soft goods and service expenditures will rise also. Part of the stimulation will come from increased benefits to senior citizens. Under the new Social Security bill, additional benefits will more than offset the additional payroll taxes. And rising personal income will benefit about \$4-billion from the increase in minimum wages beginning February 1, 1968.

Disposable personal income—the amount left over after taxes and certain other fees—will advance more than 6% to \$577.8-billion. Also, the personal savings rate, which averaged a very high 6.9% last year, will drop to a more normal 6.2% in 1968. A one percentage point decline in the savings rate would cause a \$5-billion increase in consumer expenditures. This would mean at least a \$3.5-billion increase this year.

	IMPORTS					EXPORTS				
	—Million dollars—					—Million dollars—				
	1964	1965	1966	1967	Percent change 1966-67	1964	1965	1966	1967	Percent change 1966-67
TOTAL	1,539.7	1,777.5	1,952.3	1,714.7	-12.2	1,536.6	1,289.2	1,283.7	1,384.2	+ 7.8
Textile fibers & waste	407.4	435.7	436.3	284.9	-34.7	818.5	617.3	565.6	687.8	+21.6
Raw cotton excluding linters .....	.....	.....	.....	.....	.....	681.8	486.2	432.2	565.3	+30.8
Other .....	.....	.....	.....	.....	.....	136.7	131.1	133.4	128.7	- 3.5
Wool, unmanufactured	201.7	218.3	218.3	112.6	-48.4	.....	.....	.....	.....	.....
Other	205.7	217.4	218.0	172.2	-22.0	.....	.....	.....	.....	.....
Textile yarn, fabrics, made-up articles	681.2	798.7	908.5	793.1	-12.7	577.5	527.8	554.1	530.3	- 4.3
Cotton cloth	91.6	122.7	144.2	109.6	-24.0	.....	.....	.....	.....	.....
Textile yarn & thread .....	.....	.....	.....	.....	.....	153.2	131.0	128.3	110.3	-14.0
Cotton cloth including duck .....	.....	.....	.....	.....	.....	109.2	97.6	109.5	95.5	-12.8
Textile fabrics, woven, except cotton	348.6	422.8	448.9	385.6	-14.1	139.8	135.0	137.3	140.3	+ 2.2
Jute, burlap, worsted & woolen fabrics	235.8	273.4	294.3	264.8	-10.0	.....	.....	.....	.....	.....
Other	112.8	149.4	154.6	120.8	-21.9	.....	.....	.....	.....	.....
Man-made broadwoven fabrics .....	.....	.....	.....	.....	.....	93.6	61.9	67.2	100.7	+49.8
Made-up articles .....	.....	.....	.....	.....	.....	43.7	51.9	54.2	53.9	- 0.6
Twine & cordage	55.6	48.1	45.3	40.4	-10.8	.....	.....	.....	.....	.....
Floor coverings & tapestries	54.4	54.3	61.6	52.5	-14.8	.....	.....	.....	.....	.....
Other	131.0	150.8	208.5	205.0	- 1.7	38.0	50.4	57.6	30.5	-47.0
Clothing	451.2	543.1	607.5	636.7	+ 4.8	140.6	143.1	164.0	166.1	+ 1.3
Cotton .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Wool .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Other .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

Textile capital spending: slight drop to \$850-million

Million dollars

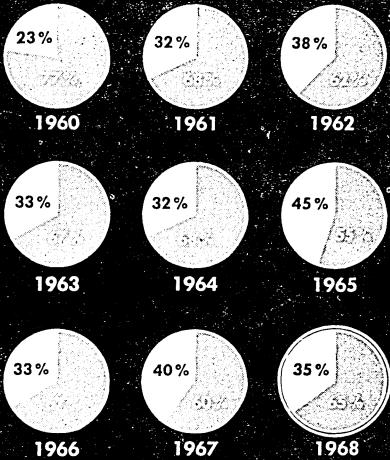


Sources: U.S. Department of Commerce; Securities & Exchange Commission; McGraw-Hill Department of Economics

Where dollars are spent: Modernization gets a bigger slice

Expansion

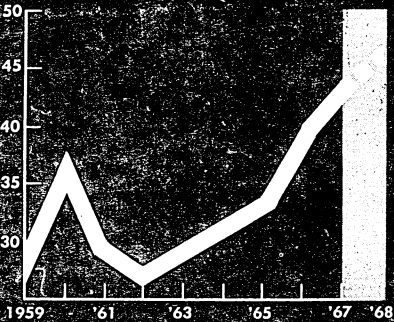
Modernization



Source: McGraw-Hill Department of Economics

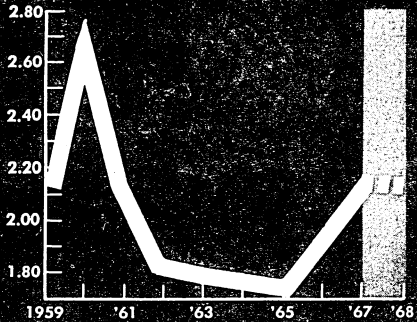
Bright spot: R&D spending will climb again, 7% this time

Million dollars



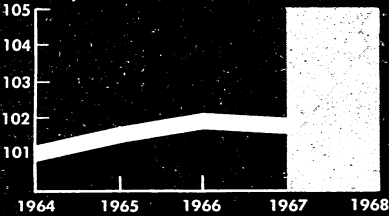
Sources: National Science Foundation; U.S. Department of Commerce; McGraw-Hill Department of Economics

Percent of sales



Wholesale textile prices: all climbing higher

Index (1957-59 = 100)

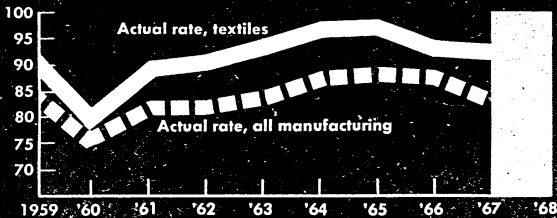


Sources: U.S. Bureau of Labor Statistics;
McGraw-Hill Department of Economics

	Index (1957-59 = 100)				
	1964	1965	1966	1967	1968
Textile products & apparel	101.2	101.8	102.1	102.0	105.0
Cotton products	99.6	100.2	102.5	100.4	102.5
Wool products	103.0	104.3	106.0	103.2	104.0
Man-made-fiber textile products	95.8	95.0	89.5	86.8	89.5
Silk products	117.3	134.3	153.6	171.7	190.0
Apparel	102.8	103.7	105.0	106.9	108.5
Miscellaneous	117.9	123.0	122.6	117.6	120.0

Textile mill operating rate: reaching preferred level of 96%

Percent of capacity

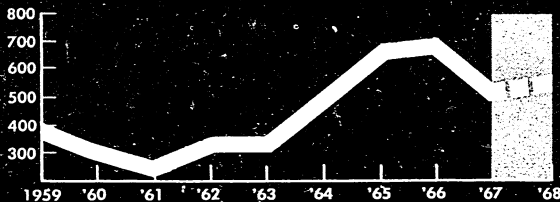


Source: McGraw-Hill Department of Economics

Year	Textiles	All manufacturing
1959	92.0	85.0
1960	82.0	77.0
1961	91.0	83.0
1962	92.0	83.0
1963	95.0	85.0
1964	98.0	88.0
1965	98.5	89.5
1966	94.5	89.0
1967	94.0	84.5
1968	95.0	85.0

Textile mill profits after taxes: advancing 5% after 26% drop

Million dollars



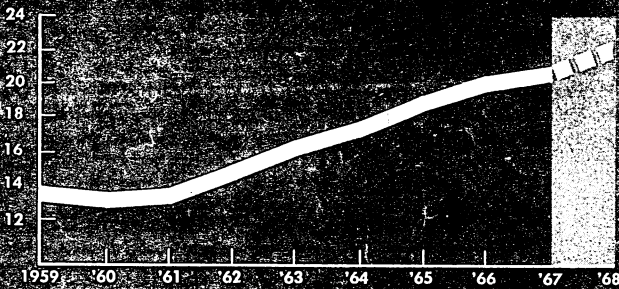
Sources: Federal Trade Commission; Securities & Exchange Commission;
McGraw-Hill Department of Economics

Mill profits

Year	Million dollars
1959	416
1960	329
1961	280
1962	354
1963	354
1964	507
1965	694
1966	702
1967	534
1968	561

Mill shipments: heading for a record

Billion dollars

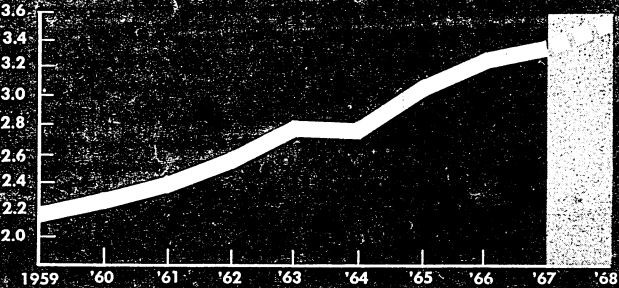


Sources: U.S. Department of Commerce; McGraw-Hill Department of Economics

Year	Million dollars
1959	14,052
1960	13,766
1961	13,980
1962	15,141
1963	16,537
1964	17,834
1965	19,346
1966	20,430
1967	21,100
1968	22,500

Mill inventories: up to \$3,600-million

Billion dollars

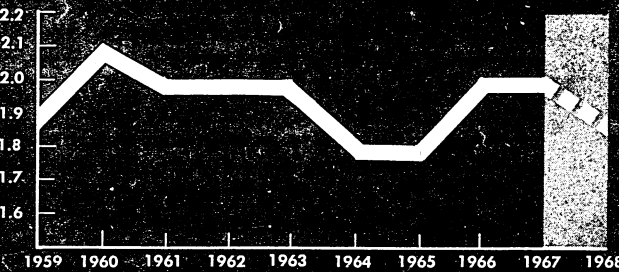


Sources: U.S. Department of Commerce; McGraw-Hill Department of Economics

Year	Million dollars
1959	2,227
1960	2,300
1961	2,433
1962	2,608
1963	2,886
1964	2,837
1965	3,130
1966	3,330
1967	3,400
1968	3,600

Inventories-to-sales ratio: good news

Ratio

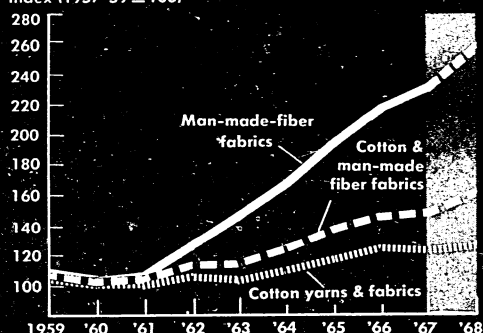


Sources: U.S. Department of Commerce; McGraw-Hill Department of Economics

Year	Ratio
1959	1.9
1960	2.1
1961	2.0
1962	2.0
1963	2.0
1964	1.8
1965	1.8
1966	2.0
1967	2.0
1968	1.9

Cotton, man-made-fiber textiles —increases in all departments

Index (1957-59 = 100)



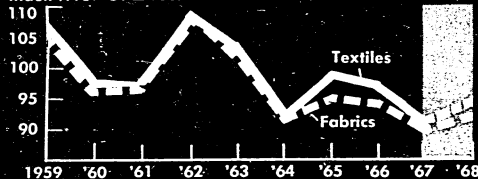
Sources: Federal Reserve Board; McGraw-Hill Department of Economics

Year	—Index (1957-59 = 100)—		
	Cotton & man-made-fiber fabrics	Cotton yarns & fabrics	Man-made-fiber fabrics
1959	109.0	108.0	110.6
1960	105.1	106.1	103.6
1961	105.8	104.9	108.9
1962	115.0	108.8	131.6
1963	118.0	106.1	150.5
1964	127.1	111.9	171.0
1965	140.1	119.7	198.0
1966	149.1	125.5	221.0
1967	150.0	122.1	230.2
1968	165.0	128.2	260.0

Sources: Federal Reserve Board; McGraw-Hill Department of Economics

Wool textiles and fabrics: slowly making a comeback

Index (1957-59 = 100)

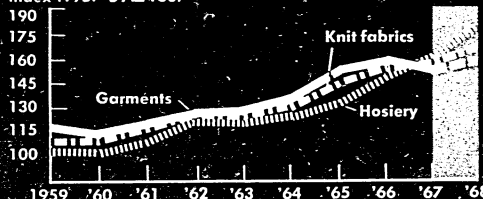


Sources: Federal Reserve Board; McGraw-Hill Department of Economics

Year	—Index (1957-59 = 100)—	
	Wool textiles	Wool fabrics
1959	106.2	105.2
1960	97.3	96.5
1961	98.1	97.7
1962	108.4	108.9
1963	102.4	101.8
1964	93.2	91.5
1965	99.9	95.0
1966	97.6	94.0
1967	92.1	91.2
1968	95.0	92.5

Knit goods: the climb continues with hosiery in the lead

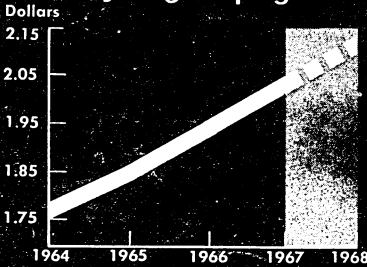
Index (1957-59 = 100)



Sources: Federal Reserve Board; McGraw-Hill Department of Economics

Year	—Index (1957-59 = 100)—		
	Knit goods	Hosiery	Garments
1959	110.9	104.0	115.8
1960	109.8	102.3	114.9
1961	116.9	111.5	120.6
1962	123.5	115.0	129.5
1963	124.4	117.1	129.5
1964	131.5	125.3	135.9
1965	145.7	134.5	153.6
1966	156.1	152.0	159.0
1967	158.2	165.5	153.0
1968	169.0	182.0	160.0

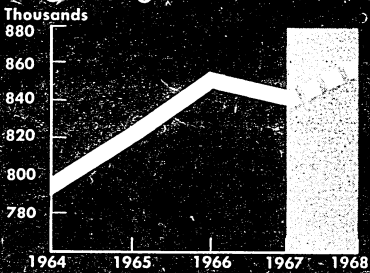
Production workers: hourly wages up again



Sources: U.S. Bureau of Labor Statistics;
McGraw-Hill Department of Economics

	1964	1965	1966	1967	1968	Percent change 1967-68
Textile mill products ..	1.79	1.87	1.96	2.06	2.14	+3.9
Cotton weaving mills	1.77	1.88	1.98	2.06	2.14	+3.9
Man-made weaving mills	1.83	1.92	2.01	2.08	2.16	+3.8
Wool weaving & finishing mills ..	1.87	1.96	2.05	2.15	2.25	+4.7
Narrow fabric mills .	1.79	1.84	1.92	2.02	2.12	+5.0
Knitting mills	1.70	1.76	1.85	1.96	2.05	+5.1
Textile finishing, except wool	1.95	2.02	2.12	2.23	2.33	+4.5
Floor covering mills .	1.82	1.90	1.98	2.10	2.20	+4.8
Yarn & thread mills .	1.63	1.73	1.83	1.91	2.01	+5.2
Miscellaneous .	56.6	60.2	63.8	61.5	63.0	+2.4

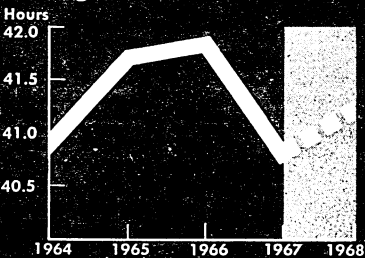
Production workers: growing in number



Sources: U.S. Bureau of Labor Statistics;
McGraw-Hill Department of Economics

	—Thousands of employees—					Percent change
	1964	1965	1966	1967	1968	1967-68
Textile mill products	798.2	826.7	857.1	845.8	863.5	+2.1
Cotton weaving mills	208.8	210.5	218.0	217.0	218.5	+0.7
Man-made weaving mills	81.7	83.4	87.5	85.2	88.0	+3.3
Wool weaving & finishing mills	39.5	39.9	39.6	38.1	38.5	+1.0
Narrow fabric mills .	24.6	26.2	27.9	28.3	29.0	+2.5
Knitting mills .	193.1	205.8	209.8	203.0	207.0	+2.0
Textile finishing except wool .	65.3	65.4	67.3	66.0	66.5	+0.8
Floor covering mills	32.0	34.0	35.6	32.8	34.0	+3.7
Yarn & thread mills	96.8	101.2	107.7	113.9	119.0	+4.5
Miscellaneous .	56.6	60.2	63.8	61.5	63.0	+2.4

Hours worked per week: a slight increase



Sources: U.S. Bureau of Labor Statistics;
McGraw-Hill Department of Economics

	—Hours per week—					Percent change
	1964	1965	1966	1967	1968	1967-68
Textile mill products ..	41.0	41.8	41.9	40.9	41.3	+1.0
Cotton weaving mills	42.0	42.7	43.2	41.9	42.5	+1.4
Man-made weaving mills	43.3	43.7	43.3	41.8	42.5	+1.7
Wool weaving & finishing mills	41.1	42.7	42.7	42.3	42.5	+0.5
Narrow fabric mills .	40.8	41.3	41.8	40.6	41.2	+1.5
Knitting mills	38.5	38.8	38.7	38.3	38.5	+0.5
Textile finishing, except wool	42.0	42.5	43.2	42.4	42.8	+0.9
Floor covering mills .	41.9	42.9	42.1	39.0	40.5	+3.8
Yarn & thread mills	41.1	42.6	42.4	40.3	41.4	+2.7
Miscellaneous	41.4	42.3	42.9	41.9	42.4	+1.2

(Not printed at Government expense)



Congressional Record

PROCEEDINGS AND DEBATES OF THE 90th CONGRESS, SECOND SESSION

Important Financial Reports Show Textile Industry Prosperity—Belie Need for Import Quotas

SPEECH

OF

HON. JOSEPH D. TYDINGS

OF MARYLAND

IN THE SENATE OF THE UNITED STATES

Wednesday, April 10, 1968

Mr. TYDINGS. Mr. President, on March 27, I joined a bipartisan group of 34 Senators who believed that the textile quota amendment to H.R. 15414, the Excise Tax Extension Act, was unnecessary. We stated then that a unilateral textile quota would bring foreign reaction against U.S. exports and would thus impair the balance of payments; that it would damage the climate for U.S. businesses with operations abroad; that it would damage the delicate international economic negotiations in progress. We also pointed out that the economic indicators for the textile industry showed that new special import protection for the industry is unwarranted.

Today I submit for the Record two documents which strongly substantiate the argument that the economic case for protection of the textile industry is weak. On the basis of the information I am about to present I would suggest further that additional import protection could actually interrupt some important economic forces that are making the industry much more competitive and profitable. On the basis of these data, I strongly urge the House-Senate conferees to remove the textile amendment from the House-passed bill.

These documents are, first, the April 1968 monthly letter of Goodbody & Co., entitled "The Textile Industry: Material Improvement in Prospect." Second is a special progress report on textiles by the investment research department of E. F. Hutton & Co. Both Goodbody and E. F. Hutton are major brokerage firms.

Both companies' reports recommend the purchase of selected textile company stocks on the basis of their analysis of short- and long-term economic forces at work in the industry.

Goodbody concludes that:

The industry has learned to live with such problems as growing imports and rising wages. The emergence of large integrated mills staffed with professional managements has greatly strengthened the textile industry's financial position and enhanced the investment attractiveness of the group. Selected textile issues, we believe, now offer attractive buying opportunities.

The outlook is for some increase in imports this year, especially synthetics. However, we believe that the U.S. textile industry's ability to meet competition through quality, service, new technology, and highly efficient facilities will go far to stem the inroads made by imports.

The Hutton report confidently forecasts the future of the industry as follows:

Assuming reasonably favorable economic conditions, we believe the industry can show a year-to-year gain of at least 12% in sales over the estimated \$18.8 billion figure of 1967: This would produce full year sales of around \$21 billion. Meanwhile, the absence of new plant start-up costs, the vastly improved operating efficiency now beginning to make itself felt at the mill level and the higher selling prices now in effect should enable most companies to record considerably larger increases in profits, with or without a tax increase.

The Goodbody letter underlines the new technological developments, the result of a recent textile industry emphasis on increased research and development expenditures. This new emphasis has vastly contributed to a more vital industry. Among these developments are: durable press and soil release processes; new fabric bonding techniques; new knit stitching techniques; a new process for

interlocking fibers without weaving them, and stretch fabrics.

These new processes, plus increasing consumer textile consumption as a percentage of disposable income, have resulted in greatly increased sales this year. The Hutton report indicates that:

The unexpectedly heavy demand for carpets, permanent press sheets, pillow cases, tablecloths, drapes and thermal blankets is largely responsible for the boom in household fabrics, while the steady increase in orders for auto upholstery and carpeting and tire cord has helped sales in the industrial area.

In regard to prices, Hutton says:

With demand for many products in a sharp uptrend and no significant additions to capacity likely in the near future, the outlook is favorable for a generally strong price structure for the industry during the remainder of 1968. Hutton concludes that the combination of "higher sales, better prices, absence of plant startup costs, and increased operating efficiency should enable the industry as a whole to record a year-to-year gain of at least 15% in after-tax profits over the estimated \$630 million figure of 1967 despite the possibility of a tax increase.

I ask unanimous consent that the material be printed in the Record.

There being no objection, the material was ordered to be printed in the Record, as follows:

AN INDUSTRY SURVEY: THE TEXTILE INDUSTRY
MATERIAL IMPROVEMENT IN PROSPECT
(By Goodbody & Co., 55 Broad Street, New York, N.Y.)

After a year which saw a slowdown in the general economy and a severe profit squeeze for most textile companies, it appears that a turnaround has taken place in the textile industry and that the improvement from the low point reached in the first half of 1967 will continue this year. Apparently, the industry has learned to live with such problems as growing imports and rising wages. The emergence of large integrated mills, staffed with professional managements, has

CONGRESSIONAL RECORD

greatly strengthened the textile industry's financial position and enhanced the investment attractiveness of the group. Selected textile issues, we believe, now offer attractive buying opportunities.

COMING OF AGE

Once highly cyclical, the textile industry has now achieved some measure of stability, and the appeal of many stocks in the group, consequently, has been greatly enhanced. Before World War II, the industry consisted largely of small family-owned units, each performing a single phase of the manufacturing process. Mill owners made the production decisions and used independent merchandising agencies to sell their output for whatever the market was willing to offer.

Through expansion and merger, small mill units are giving way to highly efficient vertically integrated mills, which are operating with improved control of quality and inventories and are producing a broad range of products. Marketing is becoming an integral part of the business, with emphasis placed on meeting consumer demand. Rather than concentrating on a particular operation, as was the earlier practice, managements are emphasizing over-all profitability. The emergence of large diversified companies is attracting professional management and financial resources for stepped-up research, advertising, and capital expenditures.

The trend toward consolidation is expected to continue as mills diversify to counteract the effect of softening demand in any one segment of the market and to meet the requirements of larger customers. The industry, nevertheless, remains highly competitive, with the largest company accounting for less than 8% of total sales.

CYCLICAL FACTORS REDUCED

Although much less cyclical than formerly, the textile industry is still closely geared to general business conditions. Its inherent cyclicity stems from the long inventory pipelines which are characteristic of the textile business. In the past, during periods of rising demand, mill customers made commitments far in advance of their needs, and this resulted in heavy inventory accumulation. When demand slackened, orders dried up abruptly, and inventories were liquidated at price concessions all the way back to the mill level. Aggregating the industry's woes during such periods were the large capacity built up when demand was high and the emphasis on maintaining production at the expense of profits.

But the industry has changed. As a result of vertical integration, improved market analysis, and closer inventory controls, it is not quite as sensitive as it was formerly to variations in the demand for its products. When demand eases, progressive managements now attempt to keep trade inventories down by cutting back production quickly and refusing to dump goods on the market without regard for price. One-price cotton (established by Federal legislation in April 1964 to eliminate the disparity between

domestic and export cotton prices) now enables the mills to buy cotton at the lower prices that only foreigners had previously enjoyed. The development of synthetic fibers is enlarging the market for textile products with new and better wearing fabrics. Broadened consumer lines and increased advertising combined with favorable demographic and income factors are resulting in more stable levels of production and higher margins.

The industry showed substantial earnings growth in the 1962-66 period (Table I), reflecting a strong economy and Government procurement for the war in Vietnam. The military purchases of textiles and apparel in 1966 and 1967 made the industry appear more cyclical than it actually is. After reaching a peak \$1.1 billion in fiscal 1966, these purchases declined to about \$1.0 billion last year, as supply channels were filled. Military purchases are expected to remain near their current rate, and procurement in 1968 is not expected to reach the peak 1966 level. An end to the Vietnam conflict should not result in any significant disruption of industry activity.

MARKET AREAS

Apparel.—The apparel industry consumes about 42% of all textiles produced. A study by the National Industrial Conference Board reveals that expenditures for consumer apparel (including shoes) increased 40% from 1963 to 1967, vs. a 31% rise in total consumption expenditures; apparel outlays took 8.7% of consumer dollar expenditures in 1967, the highest ratio since 1956. With better merchandising programs, growth in discretionary

income, and the continuing shift in the population mix toward the younger age group, this rate should hold or even improve.

Reflecting greater general affluence and the force of fashion, the rapid changes in styling of apparel are expanding the textile market's share of the consumer dollar. Also, the emergence of larger apparel firms and retailing outlets is leading to the further integration of large textile manufacturers, which can meet exacting requirements for quality, fashion, and service. Hence, the close relationship between larger mill customers and larger fabric suppliers should make possible greater effectiveness in market forecasting and in inventory control. Since the textile industry has become alert to new fashion developments, many mills have gone in for the manufacture of knits, hosiery, and nonwoven fabrics.

Major producers of apparel fabrics include Burlington Industries, J. P. Stevens, M. Lowenstein & Sons, Dan River Mills, and West Point-Pepperell. Involved in some of the more specialized areas of the apparel market are Collins & Aikman (tricot); Reeves Brothers (rainwear fabrics); Grantville and Cone Mills (utility and sportswear fabrics); and Indian Head (specialty textiles). Additionally, Burlington, Stevens, and Indian Head have positions in the rapidly growing hosiery business.

Home Furnishings.—The home furnishings market, which uses about 28% of all fabrics produced, continues to show pronounced growth. Products showing above-average gains include bedspreads, sheets, pillow cases, towels, carpets, draperies, slip covers, and upholstery.

TABLE I.—TEXTILE INDUSTRY DATA

(Dollar amounts in millions)

Year	Net sales	Net earnings	Profit margin (percent)	Return on stockholders' equity (percent)	Textile mill operating rate (percent)	Mill inventories	Ratio—Inventories to monthly sales
1963 (estimated)	\$20,100	\$615	3.1	8.5	95.0	\$3,600	1.9
1967 (estimated)	18,800	535	2.8	7.5	94.0	3,400	2.0
1966	19,513	702	3.6	10.1	94.5	3,320	2.0
1965	18,028	694	3.8	10.8	98.5	3,130	1.8
1964	16,749	507	3.1	8.5	98.0	2,837	1.8
1963	15,092	354	2.3	6.1	95.0	2,866	2.0
1962	14,449	354	2.4	6.2	92.0	2,608	2.0
1961	13,398	280	2.1	5.0	91.0	2,433	2.1
1960	12,254	329	2.7	5.9	92.0	2,390	2.1
1959	13,762	416	3.0	7.6	92.0	2,227	1.9

Sources: Federal Trade Commission, Securities and Exchange Commission; McGraw-Hill Department of Economics; U.S. Department of Commerce.

One of the most promising of the home furnishings products is carpeting. In 1967, broadloom shipments were 356 million square yards, representing a wholesale value of about \$1.25 billion. The American Carpet Institute projects a growth rate of around 9% a year, which would double industry sales by 1975. The industry is giving high priority to the further development of contract carpeting for commercial or institutional applications. There appears to be a tremendous growth potential in the use of carpeting in schools, hospitals, supermarkets, and other nonresidential establishments. Textile companies engaged in carpet produc-

tion include Burlington (Lees), Stevens (Gullistan), Fieldcrest (Karastan and Laurecrest), Dan River (Wunda Weve), West Point-Pepperell (Cabin Craft), and Collins & Aikman (Painter).

The outlook is favorable for continued growth in domestics (sheets, pillow cases, towels, etc.), based on fancy styling, upgraded quality, and permanent press blends. Important in this field are Stevens (Utica), Burlington (Erwin), Fieldcrest (Fieldcrest and St. Marys), Springs (Springmaid, Pequot, and Grace), Lowenstein (Wamsutta and Pacific), West Point-Pepperell (Carlin, Martex, and Pepperell) and Cannon.

CONGRESSIONAL RECORD

Indicative of a possible new trend in the textile industry is Burlington's entry in 1966 into the manufacture of furniture through the acquisition of Globe Furniture Co.

Industrial Fabrics.—Accounting for about 17% of fabric consumption, industrial textiles are engineered and produced for a wide variety of applications. Substrates (base fibers) for vinyl coatings, which are used as backings in apparel and automobile upholstery fabrics, appear to be one of the faster growing lines. Other important products include sewing thread, tire cord, transportation upholstery, glass fibers, belting, hoses, filters, and twine.

Reflecting the economic slowdown and the automotive strikes, sales of industrial textiles declined last year. Prospects for these lines now appear a little more promising: supplies of most industrial cloths are in good balance with demand, and there has been some firming of prices. Leading producers of industrial textiles include Stevens, Burlington, West Point-Pepperell, and Collins & Aikman.

NEW DEVELOPMENTS

Durable Press and Sulf Release.—A process involving the application of heat and chemicals, durable press imparts shape-retaining and wrinkle-resistant properties to fabrics and garments. Because of the tendencies toward discoloration and abrasion when used on all-cotton fabrics, durable press is growing rapidly in polyester-cotton blended fabrics for use in slacks, shirts, rainwear, work clothes, sportswear, sheets, and tablecloths. Among textiles companies with their own durable press processes are Cone Mills (Cone Press), Lowenstein (Never Press) and Burlington (Never, Never Iron). Adding considerable potential to the durable press field is sulf release, a finish which reduces the soiling problem associated with polyester; among the participants in this field are Burlington (Come Clean), Graniteville (X-It), and Springs (Springs Clean).

Bonding.—Consisting of two fabrics joined by fusion or adhesion, bonded fabrics lend themselves to rapid machine production, eliminate the need for a separate lining, and add stability and strength to delicate fabrics. Bonded fabrics give improved wearability and wrinkle-resistant and shape-retention properties to garments. Acetate tricot, widely used as a bonding material in apparel, is produced by such companies as Collins & Aikman and Stevens. Reeves Brothers' Curon process, which uses a multicellular polyurethane foam, is widely applied in foam bonding.

Knits.—The knitted fabrics industry should grow at a 10% to 15% rate annually for the next several years with the development of new stitch formations and a wider range of textile yarns. Estimates by DuPont indicate that by the early 1970's, half of all yardage used by the textile and apparel industries will be knitted, up from a present ratio of about one-third knit and two-thirds woven. Many of the major textile companies have knit operations.

Nonwovens.—A material made by interlocking fibers with a bonding agent, nonwovens possess the advantages of high porosity and bulk, good shape retention and nonravelling edges. This material, still a minor percentage of textile fabrics, is being used in the manufacture of wearing apparel and particularly for hospital-medical applications. Stevens, through its joint venture with Kimberly-Clark produces Kaycel, a nonwoven material. Riegel Textile is using a nonwoven rayon fabric in a flushable sanitary napkin which will soon be test marketed on a regional basis by American Home Products; eventually, flushable diapers may be put into test market. West Point-Pepperell is supplying a nonwoven fabric as a raw material for B. F. Goodrich's synthetic leather, Astran.

Stretch Fabrics.—Because they offer comfort, fit, and good drape qualities, stretch fabrics, with yield and return properties built in, are a growing segment of the textile industry. Specialists in this field include United Elastic, International Stretch Products, and Wyomissing.

Mall Process.—Another new fabric-forming method is "stitch-through" technology, especially using the Mall process. The Mallmo machines, which were developed in East Germany, produce fabrics at speeds at least 10 times greater than the fastest loom or knitting machines. The new Mall fabrics have greater bursting and tear strength than conventional goods and are likely to be increasingly used in the manufacture of products now made of other fabrics. Burlington and Indian Head are active in the development of this new process.

LABOR

The move of many textile companies to the South over the years has lost much of its cost-saving advantages because of narrowing wage differentials. In September, 1967, the textile industry granted wage increases of 6%-6½%, the fifth increase since 1963. Although another wage boost is possible later

this year, it would probably be offset at least in part by higher selling prices.

Approximately 20% of the 952,000 mill workers are members of the Textile Workers Union of America (TWUA). This Spring the TWUA will seek wage increases, as contracts reopen or terminate, at 50 woolen and worsted mills in the New England area. Since the union movement is weakest in the South, the TWUA has selected Stevens (whose operations are located principally in this area) as the target for organizing efforts. Since 1963, the union has spent about \$2 million on membership drives that have proven unsuccessful. Full-scale unionization of the industry is not expected in the near future.

IMPORTS

More than 10% of all textile yardage consumed in this country is imported. In recent years, the surge of foreign goods from low-wage countries has intensified, with imports of textile and apparel products (converted to equivalent square yards) reaching a peak 2,796 million square yards in 1968. A portion of the increase in 1965-68 stemmed from the temporary inability of the domestic industry to fill large military orders at a time of strong civilian demand. Reflecting softness in the U.S. textile market and lower prices for polyester, total imports declined about 8½% last year. Cotton and wool imports in 1967 were down 19% and 14%, respectively, but imports of man-made fiber textiles rose 17%.

In an attempt to stem the rise in cotton textile imports from low wage nations, the Long-Term Agreement (LTA) was instituted among 19 nations in October, 1962, for a period of five years. The LTA permits the signatories unilaterally to control imports of cotton textiles without compensating the nations that could demonstrate that their exports growth would be curtailed by the action. Therefore, under certain conditions, the agreement permits the U.S. to limit imports of cotton textiles. The LTA contemplated a growth rate in imports of approximately 5% annually, but it has not been wholly effective in keeping imports down to that level. However, similar agreements do not exist for woolen and synthetic textiles. Although the LTA was extended in 1967 for an additional three years, the Kennedy Round of trade negotiations last summer provided average tariff reductions of 21% on cotton textiles, 15% on man-made fiber products, and 2% on woolen textiles.

CONGRESSIONAL RECORD

TABLE II.—FINANCIAL AND OPERATING DATA—15 LEADING TEXTILE COMPANIES

(Based on latest available statements. Earnings and prices adjusted where necessary for stock dividends and splits)

	Burlington Industries (9)	Cannon Mills	Collins & Aikman (2)	Cone Mills	Dan River Mills	Fieldcrest	Graniteville	Indian Head (11)	M. Lowenstein & Sons	Reeves Bros. (6)	Riegel Textile (9)	Springs Mills	J. P. Stevens (10)	United Merchants (6)	West-Point Pepperell (8)
Common shares outstanding 1967	25,322	1,907	2,488	3,422	5,608	3,512	1,600	2,522	3,192	1,326	2,516	8,608	5,314	5,909	4,750
Long term debt 1967															
Preferred stock 1967	\$297.1		\$20.5	\$42.4	\$63.2	\$30.2	\$12.5	\$62.1	\$52.2	\$22.1	\$37.1		\$147.4	\$105.8	\$0.8
Common stock equity 1967	\$77.0	\$94.4	\$5.7	\$13.2	\$14.8	\$3.1	\$6.5	\$1.2	\$11.1	\$7.1	\$1.8	\$26.5	\$26.1	\$26.1	\$18.3
Current assets 1967	\$52.3	\$153.3	\$5.6	\$124.5	\$166.1	\$59.7	\$39.3	\$142.7	\$48.8	\$60.9	\$131.8	\$375.7	\$467.1	\$37.9	\$137.2
Current liabilities 1967	\$47.5	\$3.2	\$14.7	\$4.1	\$3.2	\$2.4	\$4.7	\$4.7	\$4.2	\$4.2	\$2.7	\$11.9	\$28.9	\$25.1	\$38.9
Net working capital 1967	\$40.8	\$120.1	\$38.9	\$80.4	\$102.9	\$37.3	\$24.6	\$52.6	\$88.5	\$32.2	\$32.7	\$112.9	\$283.9	\$202.0	\$98.3
Net sales 1967	\$1,364.6	\$284.0	\$168.0	\$262.6	\$256.5	\$175.0	\$113.0	\$287.8	\$251.5	\$134.2	\$155.7	\$243.1	\$794.2	\$607.0	\$334.7
1966	\$1,371.6	\$290.5	\$164.5	\$284.0	\$281.4	\$171.4	\$119.1	\$225.5	\$300.9	\$124.0	\$142.5	\$248.9	\$805.3	\$600.5	\$352.0
1965	\$1,313.3	\$278.7	\$153.7	\$253.9	\$246.3	\$158.9	\$106.3	\$188.9	\$268.7	\$110.4	\$120.7	\$251.5	\$760.0	\$559.7	\$316.8
Earnings per share 1967	\$2.85	\$93.00	\$2.70	\$1.90	\$2.00	\$2.55	\$3.45	\$2.75	\$2.10	\$3.75	\$2.65	\$1.00	\$5.35	\$3.50	\$3.80
1966	2.30	\$7.25	\$2.25	1.84	1.40	1.58	3.38	3.38	1.60	3.48	3.02	.79	4.14	2.56	4.15
1965	3.06	\$10.74	2.50	3.58	2.73	2.40	3.91	2.35	1.67	4.01	2.93	2.09	6.18	4.07	4.57
1964	2.76	\$13.32	2.76	2.71	2.55	2.25	3.66	1.74	2.12	2.74	2.25	2.48	5.63	3.11	3.94
Common price range 1966-68	51-25	128-74	35-18	32-20	38-20	34-19	41-21	46-17	27-15	41-23	50-17	26-16	51-37	37-22	64-35
Recent price 1968	40	80	27	21	23	33	27	34	19	34	32	19	84	29	50
Price X estimated 1968 earnings	14.0	8.9	10.0	11.0	11.5	12.9	7.8	12.3	9.0	9.1	12.1	19.0	10.1	8.3	13.2
Indicated dividend 1968	\$1.20	\$4.00	\$1.20	\$1.00	\$1.20	\$1.20	\$1.40	\$0.60	\$0.80	\$1.50	\$1.20	\$1.00	\$2.25	\$1.20	\$2.25
Yield, percent 1968	3.0	5.0	4.4	4.8	5.2	5.6	5.2	1.8	4.2	4.4	3.7	5.3	4.2	4.1	4.5

1 Thousands.

2 Combined common and class B stock.

3 Millions.

4 Includes \$40,000,000 of debentures convertible into common stock at \$39 a share.

5 Includes \$10,000,000 of debentures convertible into common stock at \$31 a share.

6 Includes \$12,500,000 of debentures convertible into common stock at \$42 a share.

7 Includes \$15,000,000 of debentures convertible into common stock at \$43.50 a share.

8 Includes \$27,700,000 of debentures convertible into common stock at \$55.60 a share.

9 Includes \$40,000,000 of debentures convertible into common stock at \$34.25 a share.

10 Represented by 335,875 shares convertible into 3.64 shares of common stock until 1972 and decreasing amounts thereafter.

11 Estimated.

12 For fiscal year ending in following calendar year.

13 Assuming a 10 percent tax surcharge.

14 Includes extra.

Note: Figures in parentheses after company name indicates month in which fiscal year ends.

Late in 1967, the U.S. Tariff Commission investigated the impact of imports on the U.S. textile and apparel industries. Since the Commission did not recommend import curbs, the industry is seeking quantitative controls on textile imports of all fibers. Pending in Congress are two bills requiring curbs on imports of woolen and synthetic textiles. It appears that the success of an import quota bill may require that it be attached to an omnibus trade bill or to the balance-of-payments proposal, which would impose a border tax on textile imports. Some industry executives believe that prospects for new import controls this year are especially favorable.

The outlook is for some increase in imports this year, especially synthetics. However, we believe that the U.S. textile industry's ability to meet competition through quality, service, new technology, and highly efficient facilities will go far to stem the inroads made by imports.

FIBER PRICES

Since fiber costs are the largest component of textile mill expenses, lower cotton costs in prospect later this year and a more stable price structure for synthetics, especially polyester, should benefit mill profits.

Cotton.—From April 1964, when the one-price cotton system went into effect, through 1965, cotton prices were in a steep decline. In 1967, they rose sharply, reflecting an unusually small crop and a shortage of quality grades. Fabric prices were increased, making cotton textiles more vulnerable to imports.

A tight supply began to develop in 1966 when the Government, faced with a record cotton carryover, took steps to restrict output. Results exceeded expectations, and production, aggravated by poor growing conditions, fell from 14.9 million bales in 1965 to

around 7.4 million in 1967. As mills rushed to cover their requirements last year, prices of long fiber cotton (1 1/16th inch and longer) soared from about 26¢ a pound in August to 34¢ in December, with futures contracts climbing as high as 40¢. Price increases for shorter lengths were less steep, because the advantage of lower cost is partially offset by difficulties in weaving and the production of coarser and weaker yarns. While some mills switched to shorter fiber cotton, others increased their use of rayon and acetate. In 1967, cotton declined to 49% of all fibers used, from 63% in 1959.

This year, the Department of Agriculture is scheduling production of longer staples at a record level of 8 to 8.5 million bales of a total cotton crop goal of 13 to 13.5 million bales. This should result in lower cotton prices in the latter part of the year.

Synthetics.—Although prices for synthetics have moved within a narrower range than those for natural fibers, the downward trend of prices has accelerated in recent years as a result of increased production and technological improvements. Polyester, widely used in blended fabrics, has dropped about 60% in price since the early 1960's. As the price of this fiber declined from 72 cents a pound in September, 1966, to 58 cents in May, 1967, mill customers, anticipating further reductions, were reluctant to make new buying commitments. This hesitancy had a severe impact on the textile industry's costs, forward sales, and inventory valuations. Some price recovery has taken place for polyester, and this has resulted in renewed buyer confidence. Recently, prices for nylon, rayon, and acetate have edged up slightly, but these cost increases are quite likely to be partially offset by higher fabric prices. Last year, man-made fibers

accounted for 47% of fiber consumption, vs. 30% in 1959.

Wool.—Wool costs tend downward since early 1964, and prices for shorn wool last year averaged about 10 cents a pound below the 1966 average of 52 cents. Wool prices this year are likely to approximate the 1967 levels. Consumption of wool reached a low of 3.4% of total fibers used in 1967, vs. 6.4% in 1959.

RECENT OPERATING RESULTS

Industry sales of textile products in 1967 were about 3.6% below the peak \$19.5-billion level a year earlier. Profit margins narrowed, with the result that net earnings declined about 24% (Table 1). The depressed profits were caused by a continuation of the conditions that affected operations beginning in 1966.

Textile sales were extremely strong in the first half of 1966, reflecting not only a booming civilian economy but also increased Government procurement resulting from the escalation of the war in Vietnam. To supplement domestic production, it was necessary to increase imports sharply. Fearful of shortages, mill customers built up inventories, which eventually reached excessive levels.

Beginning in the fall of 1966 and continuing into 1967, a general economic slowdown resulted in a slower pace of retail sales, home construction, and automobile production—important resources of textile demand. With consumers spending an unusually small proportion of their disposable income, and in view of tight money and higher interest rates, mill customers reduced forward buying commitments and worked down existing inventories. These declines were magnified by three factors: (1) overcapacity in man-made fibers, which brought on price erosion; (2) substantial unused capacity at the textile mill

297-342-12258

CONGRESSIONAL RECORD

level; and (3) high startup and training costs. These factors further restrained mill customers from making substantial new inventory commitments. However, in adjusting production to demand, the industry reacted quickly and more decisively than in the past. Curtailed production and inventory writedowns resulted in reduced mill earnings, which reached a low point in the first half of 1967.

Late last summer, an improved buying climate resulted in increased unfilled orders for many fabrics and stabilized production rates. The firming of prices for synthetic fibers also helped to restore the confidence of buyers. Following a 6% to 6½% wage boost and a sharp rise in prices for long fiber cotton, many mills increased selling prices. Mill profits in the third quarter of 1967 were slightly above those posted in the preceding quarter but well below year-earlier levels. Further progress was made in the final period of 1967, with earnings having been better than those of the third quarter and only slightly below year-earlier levels.

OUTLOOK FAVORABLE

In view of the current strengthening of the economy, we project a 7% rise in net sales for the textile industry this year from the estimated \$18.8-billion level of 1967. Even if a tax surcharge is passed this year, we expect the industry to show an improvement in net earnings in 1968 of 10% to 15% above the depressed \$535 million (estimated) of last year. However, a return to the record high profits achieved in 1966 may take somewhat longer.

The recovery in textile operations is expected to broaden in coming months. For many companies, order backlogs are increasing, solid-ahead positions are improving, and incoming business is running above year-earlier levels. In such categories, as lightweight blends, woolsens, worsteds, draperies, carpeting, and hosiery, orders for future delivery are being booked in increasing volume at higher prices. Price advances in blended fabrics have largely ended the weakness in this important market and now are resulting in more spirited customer buying. Mill operating rates are rising and are approaching the optimum operating rate of 96% of capacity.

The reduction of inventories by mill customers seems largely to have run its course. Although over-all mill inventories are at comfortable levels, imbalances in some segments still exist. At the end of October, 1967, inventories of broad woven cotton goods were equal to five weeks' production, vs. 3.9 weeks' a year earlier, while in synthetic fiber gray goods, weaving mill inventories were about 5% below year-earlier levels.

Considering the favorable outlook for the major markets served by the textile industry, demand for textile products should be strong this year. The projected gain in home building to 1.5 million units, from 1.3 million last year, should be reflected in increased use of carpeting and other textile home furnishings. An estimated 8% gain in apparel sales at re-

tail and a projected rise in domestic car production to 8.5 million units, from 7.4 million in 1967, should result in increased yardage of apparel and automobile fabrics. Moreover, the improvement in consumer liquidity and the faster rate of gain looked for in personal income could bring about a return to more normal spending patterns this year than in the past 12 to 18 months. These economic factors should also benefit textile sales.

Profitability this year will be aided by higher selling prices, lower startup costs, and the absence of heavy inventory writedowns. These factors should largely offset the higher cost of cotton and increased wages. Textile imports remain a problem, but one which hopefully may be solved by legislative action.

The textile industry has greatly expanded its investment in manufacturing and production technology. From 1958 to 1967, capital expenditures rose at an annual average rate of 15.5%, with a peak \$1,130 million having been spent in 1966. This year such expenditures are estimated at about the 1967 level of \$880 million. Two-thirds of 1968 outlays are slated for modernization of facilities and the balance for expansion. Since new facilities are usually large, efficient units, profits should benefit substantially from better absorption of fixed costs as the rate of plant utilization increases.

LONGER TERM GROWTH PROSPECTS

The longer-term outlook for the textile industry is enhanced by:

Greater Use of Synthetic Fibers.—The textile industry is concentrating much of its new production on synthetic fibers, demand for which is growing at a fast rate. It is estimated that synthetic fibers will account for about 50% of total fiber consumption this year. Synthetics provide a more stable raw material price structure than that for natural fibers, as the supply is not subject to crop or livestock cycles. The increased use of synthetics will continue to broaden the number of fabric constructions, provide greater flexibility in textile operations, and improve mill product mix.

Consumer Orientation.—The industry is directing production into the more profitable finished fabric categories and consumer product areas, thereby achieving more stable levels of production and higher margins. Increased emphasis on marketing and brand name advertising is giving the industry greater merchandising leverage.

Research.—Growing research expenditures are leading to the development of wider-margined specialty fabrics and processes. Last year, the industry spent some \$44 million on research, about three times the amount spent 10 years earlier. These programs have produced such developments as durable press, soil release, and washable woolsens. This year, research and development expenditures should rise about 7%.

Demographic and Income Trends.—The 15-to-29 age group, a high-textile-consuming segment of the population, is expected to rise 32% between 1966 and 1975. Significant growth also is taking place in the number

of families with annual incomes of \$10,000 and over. According to a study by the National Industrial Conference Board, this group should include 45% of all American households by 1975, vs. approximately 29% in 1966. Furthermore, the increasing rate of marriages and housing starts expected over the next three to five years indicates favorable demand prospects for the textile industry.

Social Changes.—More leisure time, improved living standards, and greater mobility and fashion awareness should lead to growing demand for more varied wardrobes and more prestigious textile furnishing in homes and buildings.

Investing in the Future.—Continued capital spending will be reflected in expanded facilities with highly efficient equipment, thereby increasing productivity and profitability. The industry's position will be strengthened with increased automation, better methods and controls, greater utilization of computers, and further application of modern management tools.

Consolidation and Vertical Integration.—Continuation of consolidation within the industry will result in larger, better-managed companies with stronger resources for financing, marketing, and technological improvements. Further integration should lead to better control of operations and greater profits.

RECOMMENDATIONS

In 1967 most textile stocks recovered quite sharply from their 1966 lows. In recent months, the group has held up exceptionally well in the face of general market weakness, and we believe selected issues will show substantial appreciation in response to favorable earnings comparisons this year.

Our preferences for current purchase among stocks of diversified textile companies are *Burlington Industries (BUR-40)* and *J. P. Stevens (STN-54)*, both of which are on our Recommended List, Group V. Also on our Recommended List are the *Burlington 5% convertible debentures (114)*. Other attractive textile issues include *Collins & Aikman (CK-27)* and *United Merchants & Manufacturers (UMM-29)*, both of which, we believe, can be bought for longer term growth accounts.

BURLINGTON INDUSTRIES

The largest company in the textile field, Burlington produces a broad range of textile products. Sales are divided by markets approximately as follows: apparel, 70%; household, 25%; and industrial, 5%. The company's strong record of growth in sales and earnings was interrupted in mid-1966 by the slowdown in the economy and adverse cyclical factors in the textile industry. Although earnings in fiscal 1967 (Sept. 30) declined to \$2.30 a share, from \$3.06 a year earlier, profits have been in an uptrend since the March, 1967, quarter. For the first quarter of this fiscal year, earnings were 79¢ a share, vs. 64¢ a year earlier.

The outlook is for continued improvement this year. Sales in the current quarter are

CONGRESSIONAL RECORD

running about 16% ahead of year-to-year levels, and the order backlog is also greater. The company's solid-ahead position ranges from one or two weeks to three months or more, depending on specific textile categories. Incoming business continues strong, and orders for future deliveries are being booked at higher prices. Results this year should benefit from reduced startup costs and from improved absorption of fixed costs as the rate of plant utilization increases. Operations are currently at about 95% of capacity. Since only 20% of Burlington's fiber usage is cotton, the impact of higher cotton costs should have only a modest effect on operating results. As demand is continuing strong for carpeting, draperies, bedspreads, hosiery, woolsens, worsteds, and blended fabrics, we are estimating fiscal 1968 earnings at \$2.75 to \$3.00 a share, assuming a 10% tax surcharge. On the basis of our single figure earnings estimate of \$2.85, full conversion of the \$40 million of 5% debentures and outstanding options would reduce per-share earnings by only about 4%.

We consider Burlington common stock, one of our "Favored Fourteen for '68," an especially attractive purchase for appreciation in the textile industry. The investor seeking a higher return than the 3.0% yield currently offered by the \$1.20 dividend, can consider buying the 5% debentures (114), which are convertible into common at 39. They provide a current yield of 4.4% and are selling at a premium of 11% above conversion value.

J. P. STEVENS

For the fiscal year ending Oct. 31, 1968, J. P. Stevens, the nation's second largest publicly held textile company, expects to report a sharp increase in earnings. Reflecting reduced sales, lower selling prices, inventory writedowns, and heavy startup costs, profits last year declined to \$4.14 a share, from a record \$6.18 in fiscal 1966. However, earnings have been in a recovery trend since the low point reached in the April, 1967 quarter.

The company's sales breakdown is about as follows: apparel textiles, 64%; household fabrics, 24%; and industrial materials, 12%. Reflecting a sales gain of about 15%, the absence of heavy startup costs, and the inclusion of an extra accounting week, earnings for the first fiscal quarter (Feb. 3, 1968) were \$1.26 a share, excluding an extraordinary credit of 7¢ a share, vs. \$1.09 a year earlier. The outlook is for continued improvement for the balance of the year. Incoming orders from the beginning of the year to date are running more than 40% ahead of those for the year-earlier period. The company's solid-ahead position ranges from 11 to 12 weeks, vs. about 9 in 1967. Inventories are in good balance, and operations generally are up to six days, three shifts. Results should be aided by higher selling prices, lower startup costs, and the reduced earnings drain from the new hosiery division, which is expected to break even by year end. These factors should partially offset higher wages and increased cotton costs (only about 21% of Stevens' sales is in products composed of cotton). In view of strong demand for hosiery, woolsens, wor-

steds, sheets, pillow cases, carpeting, and blended fabrics, we are estimating fiscal 1968 sales at around \$950 million and earnings at \$5.25 to \$5.50 a share, assuming a 10% tax surcharge. Full exercise of stock options and conversion of the outstanding \$27.7 million of 4% debentures would reduce our single-figure earnings estimate of \$5.35 by less than 9%.

Stevens and United Elastic Corp. have agreed in principle on a merger calling for the exchange of 0.495 share of STN stock for each of the approximately 1.5 million United shares outstanding. Although the proposed merger would have diluted STN's earnings last year by about 4¢ a share, it should provide further diversification and growth opportunities in the near future.

Selling at about 10 times our estimate of earnings for this fiscal year, Stevens, in our opinion, is one of the more attractive values for capital appreciation in the textile group. The \$2.25 dividend, which currently affords a yield of 4.2%, may be increased this year in light of the expected improvement in earnings.

E. F. HUTTON & Co., Inc.,
New York, N.Y.

A PROGRESS REPORT ON THE TEXTILES

BACKGROUND COMMENTS

The November 1967 Market & Business Survey projected substantially improved results for the domestic textile industry in 1968. This projection was based largely on four factors:

1. Lower raw material costs.
 2. A substantially increased sales base over which to spread costs.
 3. Absence of new plant start-up costs.
 4. Higher average selling prices.
- Several other potentially constructive developments also were cited, all of which were expected to contribute to higher mill company earnings in 1968: As these developments were of a longer term nature, though, it was not felt that they would exert any unusual influence on the industry's 1968 results. These included:
1. Increased operating efficiency at the mill level.
 2. The growing emphasis on research and development.
 3. The steady changes now taking place in what the industry sells and how it is sold.
 4. The favorable demographic trends now under way.

The steady technological progress now being recorded by most companies.

Interestingly enough, one of the potentially favorable developments mentioned above—increased operating efficiency—which was not expected to make a significant contribution to the industry's earnings picture this year appears to be doing just that—at least in several cases. A number of companies indicate that the benefits derived from full scale utilization of their new plant and equipment are helping to offset the effects of higher raw material and wage costs via increased productivity and reduced spoilage. Meanwhile, all of the other factors

cited—with the single exception of raw material costs—also are working in the industry's favor. As a result, a strong recovery is underway in the sales and earnings of most mill companies—and with forward orders for many lines booked well ahead and generally firmer selling prices now prevailing on a wide range of products, continued gains are likely. Assuming reasonably favorable economic conditions, we believe the industry can show a year-to-year gain of at least 12% in sales over the estimated \$18.8 billion figure of 1967: This would produce full year sales of around \$21 billion. Meanwhile, the absence of new plant start-up costs the vastly improved operating efficiency now beginning to make itself felt at the mill level and the higher selling prices now in effect should enable most companies to record considerably larger increases in profits, with or without a tax increase.

The fact that the textile stocks have for the most part outperformed the market thus far this year is evidence that more and more investors are coming to recognize the speed and extent of the industry's earnings recovery. The generally strong technical position of these issues, however, together with the continued improvement in fundamentals now taking place, suggests that there still are a number of unusually attractive values in the group at present.

RAW MATERIAL COSTS

The one potentially favorable area cited in our November survey which has not lived up to expectations is raw material costs. Widespread publicity concerning a possible shortage of high quality long staple cotton, for example, led to a steady rise in the price of this commodity during the last half of 1967. By year-end, the price of rain-grown cotton used for print cloth (the industry's traditional bench mark) had risen to \$0.45 a pound, well above the \$0.26 a pound price which prevailed at the end of 1966. This situation, however, may have been overemphasized to some extent: Some companies admittedly have been hurt, but most firms apparently saw what was coming, and therefore were able to buy enough raw cotton last Spring and Summer (at prices well below current levels) to take care of most of their 1968 requirements. Meanwhile the general feeling is that this year's crop will be larger and of better quality than last year's, and if this comes to pass, prices undoubtedly will come down. Also, more and more companies are continuing to reduce the total amount of cotton used in their production. Taken together, these developments seem to preclude any further rise in the price of raw cotton during 1968, and most companies believe they will be able to buy their 1969 cotton at considerably lower prices than those prevailing today.

The dramatic turnaround in polyester staple prices which took place late last year ended a downward trend which had been going on for over five years. This reversal was sparked by an unexpectedly rapid upsurge in demand for carpets, permanent press sheets and pillow cases, which compelled fiber producers to

CONGRESSIONAL RECORD

put their customers on allocation. With incoming orders continuing to exceed capacity, producers of these items now are able to utilize their new manufacturing capacity to the fullest extent, thereby realizing important incremental operating efficiencies. With substantial additional fiber capacity coming on stream later this year, though, the odds seem to favor lower rather than higher fiber prices here before the end of the year.

Another man-made fiber now commanding higher prices is nylon—notably the type of weaving yarn used in hosiery. More than 60 million pounds of nylon filament were consumed by hosiery manufacturers in 1967, and additional gains are in prospect for this year, stemming from the rapid rise in popularity of colored textured stockings and panty hose.

The use of woolsens and woolsens has been declining steadily during the last two decades, due to the high level of world wool prices and the substantial competitive inroads recorded by competing fibers. Wool prices today, however, are some 10% below where they were a year ago, but the prolonged liquidation of manufacturing facilities which has taken place in this area means that comparatively few companies are in a position to capitalize on this development. J. P. Stevens should be helped as much as anyone, and Burlington Industries also will be helped, to a somewhat lesser extent.

The impact of higher raw material prices on textile company earnings varies from one firm to another. Among other things, it depends on the method of inventory valuation employed: Companies utilizing the LIFO method (Last In, First Out) have been hit recently by higher costs, for under LIFO, sales are assigned the unit costs of the most recently acquired lots, while the cost of the inventory itself is based on earlier unit costs. In a time of rising prices such as the present, this inflates cost of goods sold and depresses earnings: This is what happened to Graniteville, for example, in the fourth quarter of 1967.

SALES

With both unit volume and dollar sales running well ahead of last year and forward order positions being built up steadily in most areas, an industry-wide sales gain of at least 12% now seems likely. This would place full year dollar volume at or near the \$21 billion mark. About 30% of this increase will come from higher prices, with the remainder from increased unit volume. It is this area which could exceed expectations: Demand in two of the industry's three principal markets (home furnishings and industrial fabrics) is exceptionally strong at present, even allowing for the depressed conditions which prevailed in these areas at this time last year, while the third market, apparel fabrics, appears to be gaining momentum after a slow start.

The unexpectedly heavy demand for carpets, permanent press sheets, pillowcases, tablecloths, drapes and thermal blankets is largely responsible for the boom in household fabrics, while the steady increase in orders for auto upholstery and carpeting and tire cord has helped sales in the industrial area. Between them, these two markets now account for almost half of the industry's sales dollar, with most of the remainder coming from apparel fabrics. The apparel area has not recovered as rapidly as anticipated, although it is in infinitely better shape than was the case a year ago. The failure of Christmas retail business to live up to expectations and the continued reluctance of consumers to spend more have been the principal reasons for this lag. Retail sales in January and February were generally excellent, though, and with retail inventories still at comparatively low levels, a significant pickup in demand is likely in the near future.

Meanwhile, many apparel fabrics already are moving at an extremely satisfactory rate.

This pickup has been particularly noticeable in lightweight blended fabrics, which are well on their way to recovering the ground they lost in 1967. There has been considerable weakness in heavyweight fabrics such as denims and corduroys, which held up so well during early 1967, but if the economy remains its present momentum, this segment of the industry's business should begin to improve very shortly. Several manufacturers believe this improvement already is underway, based on the rate of their incoming orders in recent weeks. The hosiery business, of course, appears headed for a record year, and January sales—traditionally subject to a post-Christmas slump—were 15% ahead of January 1967. These gains have stemmed from the enthusiastic response now being accorded panty hose—sales of which have tripled in the last twelve months—and the growing popularity of colored stockings.

CAPACITY UTILIZATION RATE IMPROVING AFTER HEAVY CAPITAL EXPENDITURES

The precise impact of these costs on textile industry earnings for any given period is extremely difficult to measure. However, the industry expended some \$1.2 billion (or almost 60% of its total capital budget) on the construction of new manufacturing facilities in 1965 and 1966, so a considerable amount of new capacity obviously came on stream in 1967. The steady increase in prevailing wage rates and the widespread difficulties encountered in hiring, training and keeping an unskilled work force meant this would have been a costly development under the best of conditions. The abrupt decline in forward buying by many of the industry's biggest customers which took place at this same time, however, simply made a bad situation worse. As a result, the industry's overall operating rate fell from 96.6% in mid-1966 to

around 83% by the third quarter of 1967. This index has been rising steadily since then, and currently it stands at around 94%. The sizable earnings gains now being reported by many textile companies indicate the industry finally is beginning to reap the benefits accruing from full scale utilization of its new facilities. In a field which traditionally has been characterized by low productivity and marginal efficiency, this is a particularly significant development.

SELLING PRICES

With demand for many products in a sharp upthrust and no significant additions to capacity likely in the near future, the outlook is favorable for a generally strong price structure for the industry during the remainder of 1968. In addition to the recently announced price increases in hosiery, carpets and certain household fabrics, there are a number of other areas where prices appear headed higher. These include many different types of men's and women's outerwear (dresses, suits, sport jackets, sport shirts and permanent press slacks) women's intimate apparel, infants' and children's wear and various types of linings.

EARNINGS

The combination of higher sales, better prices, absence of plant startup costs, and increased operating efficiency should enable the industry as a whole to record a year-to-year gain of at least 15% in after-tax profits over the estimated \$530 million figure of 1967 despite the possibility of a tax increase. This would mean full year earnings of around \$610 million, still considerably below the industry's record \$702 million profit of 1966. Such conditions improve faster than anticipated—particularly in the all-important apparel fabric area—this figure could prove overly conservative.

SELECTED STATISTICS

	M. & B.S. ¹ price	Current price	M. & B.S. ¹ 1968 earnings estimate ²	Current 1968 earnings estimate ³	M. & B.S. ¹ P/E ratio	Current P/E ratio
Burlington ⁴	42	39	\$2.85	\$3.10	15.2X	12.6X
Graniteville Co.	34	26	4.25	3.75	8.0	6.3
Revere Bkt. Co.	36	32	4.25	3.75	8.8	9.6
J. P. Stevens & Co.	56	52	5.00	5.50	11.2	9.4
United Merchants & Manufacturers ⁵	29	28	3.50	3.50	8.3	9.4

¹ E. F. Hutton Market & Business Survey, November 1967.

² These estimates do not allow for imposition of a 6-per-cent surtax.

³ Fiscal year ends Sept. 30.

⁴ Fiscal year ends June 30.

⁵ Fiscal year ends Oct. 31.

BURLINGTON INDUSTRIES

(Survey price: 42—Current price: 39)

We did not recommend purchase of Burlington in the November Survey, feeling that the anticipated improvement in the company's 1968 earnings picture already was reflected in the price of its stock. Since then, though, we have raised our estimate of Burlington's 1968 earnings to \$3.10 a share. Meantime, while the stock has held up extremely well in the face of a widespread market decline, its current price is virtually unchanged from where it was in November: As a result, Burlington now sells at only a little over 12 times our revised estimate of 1968 earnings. This is well below the average multiple which has prevailed here in the past, and with profits in a sharp upthrust, there is a good possibility of a higher multiple here in the not distant future. Burlington's first quarter results showed an earnings gain of 24% over a 16% increase in sales, and it should be borne in mind that these gains were realized without benefit of higher selling prices, most of which went into effect January 1st. Helped by these price increases, Burlington's second quarter figures should show even wider gains over 1967 than was the case in the first quarter. A number of the

company's product lines now are indicated to be largely sold out through Fall, and this augurs well for the second half of the current fiscal year.

Assuming a favorable economy, we look for full year sales of around \$1.6 billion, some 15% ahead of last year. A return to the 10.5% pretax margin of 1966 appears unlikely at this juncture for the year as a whole; however, a pretax margin of better than 9% is entirely possible. If this proves to be the case, it could produce pretax earnings of \$148 million—and after taxes of 46.6% (vs. 45.6% for 1967) would mean full year net income of \$70 million and earnings of \$3.10 a share. Imposition of a 6% surtax would reduce this figure to about \$29.5 a share.

Its remarkably rapid recovery from last year's slowdown has re-emphasized the depth and vitality of Burlington's earnings base. We believe this stock deserves inclusion in any high grade portfolio seeking long term capital gains and well protected annual income.

GRANITEVILLE

(Survey price: 34—Current price: 26)

This company, which was one of the few textile firms to report higher earnings during the first half of 1967, has been hard hit

CONGRESSIONAL RECORD

by the steady decline which has taken place in demand for heavyweight apparel fabrics since that time. This decline understandably has affected shipments to some extent, and while these were up slightly in January over December, they still were below those of January, 1967. The failure of sales to come up to expectations naturally has restricted the company's ability to raise selling prices in an attempt to offset higher costs. Moreover, as Graniteville's inventories are valued on the Last In, First Out basis (under which sales are assigned the unit costs of the most recently acquired raw material lots) the recent increases in cotton and polyester prices have resulted in a higher cost-of-goods sold figure for the company. This was reflected in its fourth quarter results, which were well below the record levels of 1966. The company presently is sold out through the second quarter, but dollar volume still has not reached a high enough level to offset the cost squeeze referred to above. As a result, Graniteville's first quarter earnings this year will compare unfavorably with the record figure of \$1.06 a share of 1967.

Graniteville's picture, however, is not really as bleak as it might initially make it appear. For example, earnings in both the fourth quarter of 1966 and the first quarter of 1967 helped by a favorable level of inventory prices, while the final quarter of 1966 also included some savings stemming from the investment tax credit. Although January 1968 shipments were below 1967 levels, management believes it sees indications of a pickup in volume both in heavyweight fabrics and grey goods—the two areas in which Graniteville is strongest. In short, this year probably will be the reverse of last year: A disappointing first half, followed by considerably improved results in the last six months.

All this means our original 1968 earnings estimate of \$4.25 a share was too high: At this juncture, a figure of \$3.75 a share, compared to \$3.35 a share in 1967, is the most that can be looked for, and even this may prove difficult unless things begin to improve sharply in the near future. (Imposition of a surcharge would reduce this to around \$3.65 a share.) Its comparatively impressive near term earnings outlook suggests that this issue will not be one of the better performers in the group over the next few months. Commitments made at or near present depressed levels, though, still should work out well over the longer term.

REEVES BROTHERS

(Survey price: 33—Current price: 36)

Reeves, too, has been affected by the lack of demand for heavyweight fabrics which has been in effect for the last year. As we pointed out in the survey, however, this company now is one of the most broadly diversified in the entire textile industry. Thus, the downturn in its heavyweight fabrics business has not had as much of an impact on earnings as it might otherwise have had. Moreover, at least two areas of Reeves' business—the manufacture of automobile upholstery and household fabrics—now are showing greatly improved results over last year. Reeves has still another factor working for it, too: lower plant startup costs. These exerted a significant negative influence on reported earnings in the 1966-1967 fiscal year, during which a total of four new plants were brought on stream. Each of these facilities now is indicated to be operating at or near the break-even point, and all should make a significant contribution to profits in time.

Thus, even though its six month earnings of \$1.32 a share were more than 27% below comparable 1966-1967 figure, Reeves still should show substantially higher sales and earnings for the fiscal year ending June 30, 1968. In retrospect, our original earnings estimate of \$4.25 a share probably was more premature than anything else. Although Reeves' earnings in the year ending June 30th

probably will not be much above \$3.75 a share (\$3.58 with a tax surcharge), the annual rate could be running well over \$4.25 a share by then. Given favorable economic conditions, profits in the 1968-1969 fiscal year could rise into the \$4.50 to \$4.75 range.

Presently selling at less than ten times our current estimate and yielding 4.3% on a well-protected \$1.50 annual dividend, Reeves' stock appears undervalued to us on both a technical and a fundamental basis at this time.

J. F. STEVENS

(Survey price: 56—Current price: 52)

Stevens' outlook is improving almost daily. Conditions in the company's home furnishings business—carpets, sheers, pillowcases, tablecloths, drapes and the like—which accounts for about 25% of annual sales volume—are particularly favorable at present and this business should achieve record sales and profits this year. As is the case with Burlington, these gains have been accomplished without benefit of the higher selling prices which went into effect January 1st. Stevens' stock also are showing greatly improved results: Whereas at this time last year they were incurring a sizable deficit, today they are at or near the breakeven mark, and they should show a profit for the year.

With the exception of hosiery, recovery in the company's apparel fabrics business—which still is the largest and most important segment of its operations—has been slower than in the household and industrial areas. Here too, though, there is evidence that conditions now are improving markedly. Women's dresses, coats and suit, sportswear and intimate apparel and men's sweaters, permanent press slacks and sport shirts have been especially strong of late, and the recent price increase in apparel nylon posted by DuPont is further evidence that demand is accelerating at a rapid pace. One of the strongest areas in the durable press menswear fabrics, where incoming orders now are running ahead of capacity. This situation has enabled Stevens' new Pamlico, South Carolina plant—which turns out these fabrics—to achieve a profitable basis, even though anticipated backlog currently averages around 11-12 weeks in most lines: This compares to a figure of 8 weeks at this time last year and the record level of 15 weeks in 1966. Management is pleased with this situation, as it enables them to operate a 6-day work week in most of their plants.

The company's raw material situation is a favorable one. The cost of polyester fiber is higher than it was last year, but selling prices also have moved up in recent weeks. Stevens' cotton requirements are pretty well taken care of for this year, and at prices substantially below current levels—while the recent decline in wool prices has benefitted the company more than most of its competitors, as 20% of its sales still are derived from this area.

Stevens' first quarter results—which have just been released—provide impressive evidence of the rapid improvement now taking place here. Sales for the first three months of the company's fiscal year rose by some 15.5% to a new all-time record for the period of \$20.1 million, while net income and share earnings were 23% ahead of the same period last year: The elimination of the losses at the company's Pamlico plant and in its Hosiery Division were responsible for a large part of this improvement. With generally higher selling prices prevailing in many lines and unit volume continuing to rise, Stevens' second quarter should produce even wider gains over 1967 than those recorded in the first three months. Quarterly comparisons of the last half of the year may not be quite as impressive, as the company's performance in the second half of 1967 was considerably ahead of its first half showing. Nevertheless, Stevens should be able to record full year sales around \$900 million, almost 15%

ahead of 1967, and the various constructive trends now under way should enable the company to realize a pre-tax profit margin of at least 6% on this volume. After taxes at around 44% (compared to 38% last year), net income may amount to \$30 million or so, equal to earnings of \$5.50 a share, and some 33% ahead of the \$4.14 a share of 1967: Imposition of a 6% tax surcharge would reduce this figure to around \$5.25 a share. After adjusting for lower interest requirements, full conversion of the 4% debentures of 1960 would result in net dilution of about 6%. The possibility of large scale conversions in the near future appears remote, however, in view of the narrow spread between the market value of these bonds and their converted equity value.

Stevens recently disclosed plans to move into the production of elastic fabrics through the acquisition of United Elastic Corporation. Under the terms of the proposal—which still is subject to final approval—United's stockholders will receive 0.485 shares of Stevens stock for each share of United. With 1,478,222 United shares outstanding, this would involve the issuance of 731,720 shares of Stevens, representing an additional \$1,662,009 in annual dividend requirements. If approved, this acquisition will provide Stevens with a well-established hold in an important segment of the apparel industry. United already is the largest manufacturer of elastic fabrics in the country; its facilities are modern and efficient, and its sales and marketing staffs have been greatly expanded in recent years. This move is further evidence of Stevens' determination to broaden its sales base and enhance its earning power, and we believe it is constructive.

Even without this proposed acquisition, though, it is evident that Stevens' stock is benefitting from renewed investor enthusiasm. Technically attractive and with its fundamental outlook improving steadily, this issue is our choice as the single most attractive investment in the field at the present time.

UNITED MERCHANTS & MANUFACTURERS

(Survey price: 23—Current price: 28)

United Merchants' showing in the second quarter of its current fiscal year (which ends June 30th) emphasized the extent of this company's recovery from its disappointing performance in 1966-1967. Profits for the period rose more than 40% and enabled United to show an earnings gain of better than 20% for the first half. Ironically, when the year began, United's management believed the sharpest improvement would come from its foreign operations, which showed a decline of almost \$4 million in profits last year because of currency devaluations in South America: Comparatively modest gains were looked for in United's domestic textile operations and its Robert Hall retail subsidiary. It now appears that the current year will produce larger than anticipated earnings gains in this country, but that the recent action of Uruguay devaluing its currency following the devaluation of the British pound will retard the anticipated gain in foreign profits to some extent. Even so, United still should show a considerably larger profit abroad than was the case last year, when earnings amounted to only \$241,452. At this point, management expects foreign profits to exceed \$2 million. Foreign net income in the first half totalled \$1.4 million, two and one half times what it was in that period last year.

Although it never has commanded a particularly high multiple, we feel United Merchants' stock is considerably undervalued here on a fundamental basis. A market price almost 20% below book value and a multiple of only 8 times estimated earnings appears much too conservative for an issue of this quality.

T. N. THORPE, Jr.,

Investment Research Department.

297-342-12258

U. S. GOVERNMENT PRINTING OFFICE: 1968

[From the U.S. Department of Labor, Bureau of Labor Statistics, Monthly Labor Review, February 1968]

TECHNOLOGY AND LABOR IN THE TEXTILE INDUSTRY

(By Rose N. Zeisel)

The textile industry is undergoing technological, managerial, and marketing changes that will significantly affect its utilization of manpower in the 1970's. These developments are being stimulated by competitive pressures and sustained by relatively high profit rates of the last few years, the emergence of larger, vertically integrated companies, and substantial investments in plant and equipment. The changes, however, are spearheaded by large companies with necessary financial means while thousands of small firms are only moderately involved in modernization. Consequently the gap in unit costs and productivity between the industry's leading and marginal mills may widen, placing the smaller plants under increasing competitive pressure.

This article describes the general economic setting and major technological developments in the textile industry, as well as their impact on productivity, employment, and skill requirements; and discusses industry provisions for adjustments to these changes.¹

THE SETTING FOR CHANGE

Textile producers faced several critical postwar readjustment problems which brought about a severe contraction of employment that lasted until 1963. As textile capacity of the war-torn and the developing countries expanded, the U.S. textile export markets were cut back and the volume of imports increased substantially. At home, textile products encountered increasing competition from paper and plastics, particularly in industrial markets, and traditional cotton and wool products from manmade fiber products. Having been geared to peak wartime output and large postwar markets, the industry found itself in the 1950's with overexpanded capacity, obsolete equipment, and high unit costs. Many hundreds of high-cost mills, unable to compete in the smaller postwar market, were closed, or merged with, or were acquired by, financially stronger companies. Low levels of production and prices, small profits and investment in plant and equipment, and sharp declines in employment characterized the decade of the 1950's.

Early in the 1960's, the Federal Government, after extensive congressional hearings, instituted a seven-point program of aid to the textile industry. Among the measures adopted were the 1962 Long Term Arrangement with leading textile nations to provide for the orderly growth of cotton imports over a 5-year period; more liberal depreciation allowances to encourage investment; elimination of the two-price cotton system which had handicapped domestic textile producers;² and an expanded program of government-sponsored research. These provisions, and subsequent favorable economic conditions of the 1960's, created a new climate in the industry.

EXPANSION IN THE 1960'S

The industry's growth in the first half of the 1960's, reflecting increased demand for civilian and defense purposes, encouraged optimism and investment. From 1961 to 1966, according to Federal Reserve Board data, textile output grew at an average annual rate of 5.9 percent. Although this was still below the rate for manufacturing as a whole, it was considerably above the average textile rate of 1.3 percent for the 1947-57 period and 2.6 percent for the 1957-61 years.

The financial position of the industry also improved considerably in the 1960's, although relative to all manufacturing, rates of return remained substantially lower. Internal funds from undistributed corporate profits and corporate capital consumption allowances (depreciation charges and accidental damage to fixed

¹ This article summarizes the findings of a study based on mill visits, industry and labor consultations, and secondary sources. The full study, including the citations of sources used, will be presented in a forthcoming BLS Bulletin, *Technology and Manpower in the Textile Industry of the 1970's*.

² Under the Government's program, raw cotton could be exported at 8½ cents per pound below the domestic price. Foreign textile manufacturers could buy raw cotton at the lower price and sell the finished cloth in the United States.

capital) increased from an average \$420 million in the 1950-59 period to \$695 million in 1960-66, an increase of 65 percent.³

Demand for textiles is expected to grow at a high rate in the 1970's (but below the peak rate of 1962-66) because of larger proportions of teenagers and family-formation age groups (major textile consumers), increased disposable income, and greater promotional activities.

The volume of imports, a strategic and uncertain factor in the outlook, has been sharply increasing. The multilateral Long Term Arrangement for cotton textiles has recently been extended for a 3-year period. Wool and manmade fiber textile imports are unregulated. In 1966 imports of semimanufactured and manufactured cotton products constituted 10 percent of domestic consumption compared with 2 percent in 1955. Corresponding percentages in these 2 years for apparel wool were 22 and 7, and manmade fibers, 3 and 0.4, respectively.

The anticipation of future growth and the need to reduce unit costs in the textile industry are currently reflected in greater investment in new plants and equipment. Between 1962 and 1966, expenditures for these purposes were, on the average, more than double those of the 1950-59 period, and reached \$1.13 billion in 1966. But the bulk of these expenditures are being made by large companies. In 1963, establishments of multiplant companies, which constituted about one-fourth of all establishments in the industry, spent about three-fourths of the industry's total capital expenditures in that year, as shown in the following tabulation:

	Percent of textile establishments and capital expenditures in 1963, by—		
	All companies	Multiunit companies	Single unit companies
Establishments.....	100.0	25.7	74.3
Capital expenditures.....	100.0	77.1	22.0

Source: "Census of Manufactures, 1963" (U.S. Bureau of the Census).

The industry's capacity increased by 23 percent between 1962 and 1966. A survey of large companies shows the change in the age composition of equipment over this period. The proportion of their equipment installed during the preceding 5 years was 38 percent in December 1966 as compared with 27 percent in the spring of 1962.⁴ (See chart.) However, the proportion of new equipment maintained by smaller companies is probably considerably less than that by larger companies.

An important factor in the changes taking place in the textile industry is the development of larger companies, through mergers and acquisitions, with emphasis on vertical integration and professional rather than family management. Traditionally, production and marketing operations have been highly fragmented, discouraging innovation. Although the small independent mill may be more flexible and responsive to fashion changes, it is often too far removed from the sources of supply and demand and, usually, is financially unable to initiate major technological changes.

An increasing proportion of the textile industry's output is being concentrated in the largest textile firms, although compared to many other large industries, concentration ratios are relatively low. In the cotton broadwoven sector, the value of shipments by the four largest companies rose from 18 percent of that sector's total shipments in 1954 to 30 percent in 1963; comparable data for the manmade fiber broadwoven sector was 30 and 39 percent over this period. There is, however, considerably less concentration in other textile sectors. In the knit outerwear industry, for example, the four largest companies accounted for 11 percent of total shipments in 1963, compared with the 1954 ratio of 6 percent. Industry experts expect the trend toward greater concentration to continue.⁵

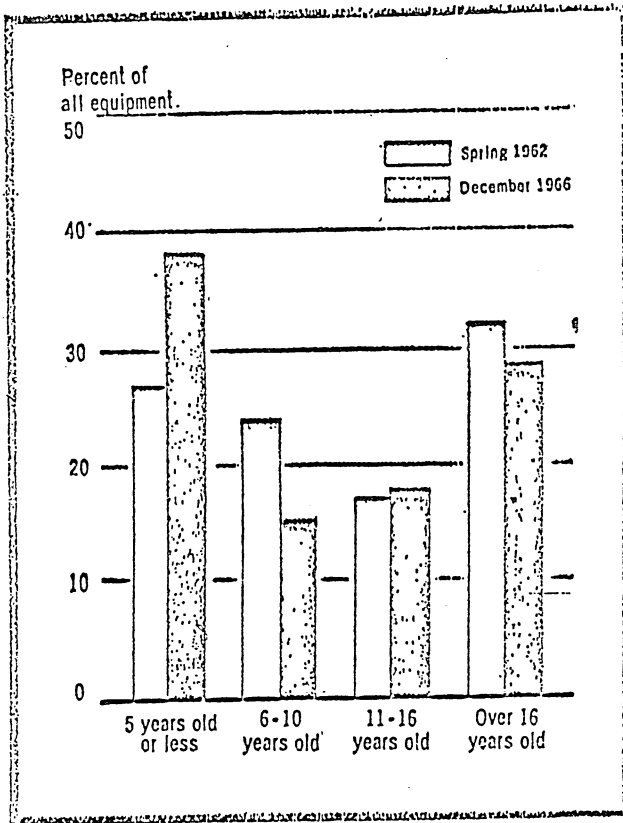
³ *The National Income and Product Accounts of the United States, 1929-1965* (U.S. Department of Commerce, Office of Business Economics). The 1966 data are preliminary and unpublished.

⁴ *How Modern Is American Industry* (McGraw-Hill, Inc.), November 25, 1966. The survey covers only large companies.

⁵ Kurt Salmon Associates, "Managing Technological Change," *Textile Industries*, August 1967, p. 87.

Age of Equipment of Large Textile Companies, 1962, 1966

2



TECHNOLOGY IN THE 1970'S

Three general types of technological changes are taking place in the textile industry. One involves improvements of conventional machines and installation of auxiliary equipment to increase machine productivity and improve product quality. Many of these are commonplace in larger modernized mills and are being adopted by smaller mills. Another line of development includes radically new methods of production which often require costly equipment and, in some instances, the building of a new mill. The third development is the increasing use of manmade fibers.

Faster, larger capacity machines, and automatic or highly mechanized machine cleaning and lubricating devices sharply reduce unit labor requirements and cut downtime, i.e., the time the machine is not operating. Automatic or highly mechanized transfer of goods between stages of production, reducing unskilled labor requirements, is being widely adopted. Increased use of stop motion devices and continuous automatic inspection and recording instruments are improving quality control and data management techniques.

Consolidation of two processes or more—such as attaching automatic winding to the loom—saves several steps in manufacture and reduces unit labor require-

ments substantially. Recently developed automatic loading and unloading machinery, such as the bobbin doffing machine in spinning, may also significantly affect labor requirements.

New principles and methods of manufacture are challenging conventional processes. The shuttleless loom compared with the conventional loom operates at much higher speeds, requires less maintenance work, and requires fewer preparatory processes. Fabric-forming machines, which have recently been made available in the United States, stitch together fiber layers at 10 to 50 times the output of conventional looms and bypass conventional spinning processes. A revolutionary technique, still in the developmental stage, is open-end spinning which may lead to greater mill automation.

Manufacturing of new products such as the so-called nonwovens (bonded web of fibers), texturized and stretch yarns, foam laminates, and coated fabrics involves new techniques, new skills, and new machines. Some of these, like nonwoven fabrics, require fewer man-hours per unit of output than do conventional fabrics; others, such as stretch fabrics, may require additional labor.

The goal of continuous automatic manufacture is becoming technically feasible in some branches of textile production. A relatively new system of yarn manufacture is capable of integrating several of the processes (bale opening through carding) which conventionally are discrete operations, and linking together the remaining processes through automatic transfer of material between machines. Installed so far in only one or two mills, such systems are initially expensive and require greater product uniformity, but output per man-hour, reportedly, ranges from 70 to 100 percent above conventional mills.

In finishing mills, continuous automated systems, in which pressure, speed, temperature, and other aspects of production are controlled from a central console, are replacing older discontinuous operations. The first computer-directed system for use in a textile production process was recently installed in a large finishing plant to control a complex dyeing procedure.

One of the major developments is the modern layout and design of the plant itself. Most of the 7,000 plants in the industry, built more than 25 years ago, are multistory mills, poorly adapted to modern continuous-flow methods. New mills usually have only one floor, with machines located close to each other so that materials handling is minimized. Moreover, faster and larger-capacity machines, fewer processes, and three-shift operations have reduced the number of machines required for a given output.

Manmade fiber (cellulosic and noncellulosic) is, perhaps, the most important and far-reaching technological factor to have affected the textile industry. The particularly rapid growth of noncellulosics (nylon, polyester, acrylic, spandex, olefin, and other fibers) reflects the chemical industry's outlays for R and D, and for promotion, and the advantages to some processors of lower unit labor requirements, relatively stable prices, and less waste. As shown in table 1, manmade fibers accounted for 57 percent of mill fiber consumption in 1966 (cotton-equivalent basis), compared with 39 percent in 1957 and 23 percent in 1947. Despite considerable research in and promotion of natural fibers, manmade fibers may nevertheless account for as much as 65 percent of all fibers consumed by 1975, with major growth in noncellulosics.

THE RATE OF CHANGE

Definitive figures on productivity (i.e. output per man-hour) which measure the rate of improvement in manpower utilization are not available because of special technical statistical problems.⁶ Some rough indication of overall improvement in recent years, however, is suggested by the sharp rise in output between 1960 and 1965. Various measures of textile output indicate that it rose, from 30-35 percent during this period. Estimated all employee man-hours rose by only 4 percent. These changes for the textile industry as a whole reflect substantial variation among individual sectors of the industry.

⁶ In addition to the usual problems of determining the best measure of output for individual products, assigning appropriate weights and achieving reasonable comparability between man-hours and output, there are especially complex problems of changes in quality and product mix and changes in the degree of integration of production facilities.

TABLE 1.—PERCENT DISTRIBUTION OF MILL FIBER CONSUMPTION, BASED ON COTTON EQUIVALENTS, 1947, 1957, AND 1966

Type of fiber	Cotton-equivalent basis ¹		
	1947	1957	1966
Total ²	100.0	100.0	100.0
Manmade fiber.....	23.1	39.2	56.6
Rayon and acetate.....	21.8	24.2	19.6
Noncellulosic.....	1.2	12.7	32.2
Glass.....	0.1	2.3	4.8
Cotton.....	71.0	57.9	41.6
Wool.....	5.8	2.0	1.8

¹ Converted by the Department of Agriculture to enable fiber comparison on the basis of the quantity of material realized. Adjustment was made for differences in the waste involved in manufacturing fabric from various fibers, and for differences in the average weight of generally comparable end products made from the different fibers.

² Does not include silk.

Source: Unpublished data, U.S. Department of Agriculture.

Productivity in the hosiery industry has been increasing rapidly, according to the BLS official index ⁷ constructed with appropriate weights. Output per man-hour for all employees rose at an average annual rate of 2.9 percent from 1947 to 1957, but at a rate of 6.6 percent from 1957 to 1965. From 1960 to 1965, the rate was 7.3 percent. The sharp increase in productivity is associated with a rapid rise in output and a major change from full-fashioned to seamless hosiery.

Cotton and manmade fiber broad-woven production, for example, was 25 percent greater in 1965 than in 1948, but there were 22 percent fewer looms in place and 2 percent fewer loom hours worked in 1965. Engineering studies of future technology suggest a continuation in the reduction of equipment per unit of output.

Increasing and more intensive use of modernized equipment are reflected in the doubling of the industry's electric consumption over the postwar period, despite a significant decline in real fixed capital. Per production worker, consumption of electric energy increased two and one-half times from 1947 to 1965, rising at the average annual rate of 4.4 percent. Compared with all manufacturing, however, the rate of electrification of textile mills per worker remains relatively low.

Lower capital requirements in relation to capacity or output is another partial indicator of technological change, reflecting improvements in textile machinery and more intensive utilization. Real fixed capital in the textile industry declined almost 40 percent from 1948 to 1963, while textile mill capacity increased 13 percent, according to the National Industrial Conference Board. Data on selected types of machinery tend to confirm this trend to a lower capital-output ratio.

Performance potential.—The potential for "efficiency" increase can be assessed from the Commerce Department's approximations of interplant differences in performance. Measures of value added per production worker (an approximate indicator of "efficiency" for the "more efficient", "less efficient", and average mill of 1958 indicate a wide variance.⁸ Scattered data for 1963 appear to indicate roughly similar differences.

The difference in average value added per production worker man-hour between the "more efficient" and the average mill ranged from 40 percent in the narrow fabric sector to 140 percent in the knit outerwear sector. In the "more efficient" cotton and synthetic weaving mills, the ratio was 50 and 70 percent, respectively, greater than in the average mill. (See table 2.) As would be expected, differences between the "more efficient" and "less efficient" mills, were considerably greater—from double in the narrow fabric sector to four and a half times the ratio in the knit outerwear sector.

⁷ *Indexes of Output Per Man-Hour, Selected Industries, 1939 and 1947-66*, (BLS Bulletin No. 1572, 1967).

⁸ This efficiency concept, developed by the U.S. Department of Commerce, is based on the ratio of payrolls to value added. The plant with the lowest ratio of payrolls to value added would be the most efficient mill. See *U.S. Industrial Outlook, 1967* (U.S. Department of Commerce, Business and Defense Services Administration), pp. 206-210.

TABLE 2.—THE RATIOS OF MORE EFFICIENT TO LESS EFFICIENT PLANTS AND TO AVERAGE PLANTS IN VALUE ADDED PER PRODUCTION WORKER MAN-HOUR, 1958

Industry sector	Ratios of—	
	More efficient to less efficient plants ¹	More efficient to average plants ¹
Weaving mills, cotton.....	2.4	1.5
Weaving mills, synthetics.....	2.9	1.7
Weaving finishing mills, wool.....	2.7	1.6
Narrow fabric mills.....	2.2	1.4
Hosiery mills.....	3.0	1.6
Knit outerwear mills.....	4.4	2.4
Knit fabric mills.....	3.4	1.3
Finishing plants, cotton.....	2.4	1.7
Tufted carpets and rugs.....	3.1	1.8
Yarn mills, excluding wool.....	2.0	1.0

¹ Plants in each industry sector were ranked by the ratio of payrolls to value added. The plants in the lowest quartile of this ranking were considered the "more efficient," those in the highest quartile, the "less efficient." Value added is used as the measure of output or the net contribution of the manufacturing process in the industry. No adjustment is made for product mix, degree of integration, or other variations among plants.

Source: U.S. Department of Commerce, Business and Defense Services Administration, U.S. Industrial Outlook, 1967.

Study of hypothetical or model plants designed by engineers also provides an indication of the industry's potential "efficiency". Comparisons of such model mills⁹ over time trace the progress made in developing technological improvements, without reference to the extent of their actual application in the industry.

Output per man-hour in a model cotton-print-cloth mill of 1910 was 3.1 pounds; in 1935 it was 4.6 pounds. By 1956, it had risen to 10.5 pounds, and by 1966, to 14.6 pounds. The average annual rate of technological progress was 1.6 percent between 1910 and 1935, 4.1 percent between 1935 and 1956, and 3.4 percent between 1956 and 1966. Although model cotton-print-cloth mill's performance cannot be taken as representative of the industry, it is nevertheless a useful indicator of the technological progress in the broadwoven sector.

The "productivity" potential can be derived from a comparison of the level in the model print-cloth mill in 1966 of 14.6 pounds per man-hour, and the actual level of production in such mills which was estimated by industry experts to average about 10 pounds per man-hour. The 46-percent gap between the average and the model plant may be taken to represent the approximate potential growth that might occur if all plant and machinery were replaced by the most modern equipment.

More realistically, should it take the average mill 10 years to attain the level of the model mill, the average annual rate of increase in the print-cloth industry would be about 4 percent from 1966 to 1976. Should the catching-up period be less than 10 years, because of a continuation of today's high investment or extensive closing of less efficient mills, the rate would exceed 4 percent a year.

LITTLE PROMISE FOR EMPLOYMENT

Following its 1948 peak of 1,332,000, textile employment began the sharpest long-term decline in its history. By 1963, the year of its postwar low, employment had fallen 33.5 percent, or 2.7 annually.

Although production increased in the early 1960's, employment did not develop commensurately. At first, the additional man-hours required were made up by lengthening the workweek. But as production continued sharply upward in the mid-1960's, both employment and man-hours rose significantly. From 1963 to 1966, employment moved up at the average annual rate of 2.8 percent—the first post-war employment increase of more than 1 year's duration. Overall, an average of about 960,000 employees were working in the textile industry in 1966—about 370,000 fewer than in 1948, a decline of 27.8 percent.

Available monthly data for 1967 indicate some reduction in employment associated with a cutback in production. But sizable decreases in overtime and total weekly hours appeared to be cushioning the employment decline.

⁹ See "Mechanical Changes in the Cotton Textile Industry, 1910 to 1936," *Monthly Labor Review*, August 1937, pp. 316-341; and "The Modern Print Cloth Mill, A Survey," *The Whittin Review*, June 1957, December 1961. See also American Textile Machinery Association, "The Modern Print Cloth Mill, Ten-Year Comparison," February 28, 1967.

The decline in employment in the postwar period was accompanied by a relatively high rate of unemployment among textile workers, particularly in areas where mills were shut down. While closures were more common in the sharp decline of the 1950's they continued to occur in the 1960's, particularly in the New England area.

The outlook is for a continuation of the long-term decline, but at a slower rate. Because of the continued prevalence of many small mills with obsolete equipment, the industry will remain vulnerable to mass layoffs as plants are shut down during short-term periods of slackening demand.

JOBS FOR WOMEN

The textile industry has long been a source of abundant job opportunities for women. More than 425,000 women were employed in mills in 1966, about 45 percent of the industry's employees, compared with a ratio of 27 percent in all manufacturing.

Job opportunities for women are being affected by technological changes in winding, drawing, and packaging which may reduce unit labor requirements. On the other hand, as jobs previously considered too arduous are more highly mechanized, they become available to women workers.

Negro employment in the industry increased from a total of 25,000 in 1940 to 44,000 in 1960, despite the substantial decrease in overall textile employment. The proportion rose from 2.1 to 4.6 percent of total textile employment. In some southern centers, however, the ratio of Negro employment remained fairly stable until the mid-1960's. In South Carolina, one of the most important textile States, the average ratio of Negro textile employment for the last 30 years was less than 5 percent with little variation from year to year. In 1965, the proportion rose to slightly over 6 percent (still below the 1925 ratio), but in 1966 it jumped to 10 percent.

Although the generally low ratio of Negroes in southern textile mills reflects social and economic factors, there is evidence that some of these conditions are changing. Generally, white men and women sought jobs in southern textile mills because wages were higher than in many other low-paying local industries. Moreover, since many leading southern industries employed only a small proportion of women workers, the textile industry stood out as an important source of jobs for white women. When white male labor was not available, as in the 1940-45 period, white women capable of holding textile jobs were hired rather than Negro men. (See table 3.)

TABLE 3.—EMPLOYMENT CHANGES IN TEXTILE INDUSTRY OF SOUTH CAROLINA, BY SEX AND COLOR, 1940-65

[In thousands]

Period	Change in textile employment			
	Total	White men	White women	Negroes
1940-45.....	16.8	-0.8	15.7	1.8
1945-50.....	15.0	15.2	-0.6	.5
1950-55.....	2.6	1.9	0.9	-0.1
1955-60.....	-4.3	0.6	-4.8	-0.2
1960-65.....	10.4	3.6	4.4	2.5

Source: Annual Reports of the Department of Labor of South Carolina, 1940-65.

In recent years, the textile industry has had to compete for male labor with higher paying industries which have moved into the South. Moreover, employment opportunities, other than in textile mills, have become available to white women. Between 1960 and 1965, only 25 percent of the net increase in female employment in South Carolina went into textile mills; between 1940 and 1945, about 80 percent had gone into textile mills. The shortage of white women workers may be one reason for the increase in Negro employment in South Carolina in the mid-1960's.

Another factor in the improvement of the Negroes' position in textile employment of the South is that the community-work relationship is changing. The isolation from large urban centers of the socially cohesive mill communities and their dependence on the mill is lessening. These factors have tended to restrict Negro mill employment. Greater mechanization, on the other hand, tends to reduce demand for the unskilled workers (the major Negro occupational group today) and may adversely affect opportunities for Negro workers in the future.

CHANGES IN JOB CONTENT

Technological developments are altering job content and skill requirements for many occupations in the modern mill. One or more of the operative's traditional manual duties (e.g., creeling [loading] and doffing [unloading], repairing breaks, cleaning, and materials handling) are being entirely eliminated or significantly reduced as a result of transferral to a machine. Consequently, while the operative's manual skills are still required, the relative time allotted to these skills is being greatly reduced. It is expected, for example, that technological changes will reduce the spinner's traditional manual duties from an average of about three-quarters of his total time in the 1960's to about half in the 1970's, and will increase the time spent in patrolling the machines from about 25 to 50 percent. In the most advanced mills, where several textile processes are very highly mechanized or automatic, patrolling longer lines of machines and watching for problems is the operative's major job requirement.

It is difficult to generalize about the effect on the worker of increased mechanization. Physically arduous jobs are being mechanized and temperature and humidity conditions are greatly improved in modernized mills. The increase in patrolling reduces time spent on repetitive manipulative jobs, but it may be more tiring generally. On faster, more automatic machinery, downtime is more costly and the worker has a greater responsibility to monitor the machines closely. This may result in pressure on the worker and greater anxiety. Some automatic devices, on the other hand, may lessen certain time stresses, but may require the worker to be more alert to malfunctions.

ADJUSTMENTS TO CHANGE

Working conditions in the industry remain largely a matter of management discretion. Only about a fourth of all textile workers are in mills covered by collective bargaining, compared with over 60 percent in all manufacturing industries.

Contraction of the Northern textile industry, where union organization is strongest, seriously depleted union ranks. Attempts to organize Southern mills have been relatively unsuccessful. Nearly seven-eighths of New England cotton workers and only one-eighth of those in the Southwest were employed in mills having collective bargaining agreements in 1965. In synthetic textile mills, three-fifths of the workers were covered in New England, two-fifths in the Middle Atlantic States and 1 percent in the Southeast.

Earnings are low in textiles relative to other industries, in spite of sizable increases in the post-war period. From 1947 to 1966, average weekly earnings in textile mills rose 3.7 percent annually compared with 4.4 percent in manufacturing. In 1966, average hourly and weekly earnings totaled \$1.96 and \$82.12, respectively, compared with averages of \$2.71 and \$112.19 in manufacturing. Supplements to wages and salaries (including such items as employer contributions to social insurance, private pension, and welfare funds) as a percent of total compensation are also low in the textile industry relative to those in manufacturing.

Formal provisions for worker adjustment to technological change are found primarily in plants with union agreements and even these are few in number. Contracts usually provide for the principle of seniority as a measure of protection for the employee displaced by technological developments, or other reasons, but limitations may be included. Some contracts contain provisions which require advance notice to the union, union consultation, or a trial period for a proposed technological change.

Machine changes which affect the pace of work—"speedup" (i.e., installing faster machines or speeding up old ones) and "stretchout" (i.e., increasing the number of machines assigned to the worker)—are a major topic of labor-management discussion. In some contracts, workload assignments are subject to review by the union and may be submitted to arbitration.

Contract provisions designed to financially assist the worker who is laid off as a result of a technological change are very limited. Provisions for severance pay were included in 11 of the 28 contracts studied by BLS,¹⁰ but only a few specified technological displacement as a condition for payment. Several contracts required retirement as the only condition for severance pay. Moreover, supplemental unemployment benefits (SUB) intended to supplement unemployment compensation during temporary layoffs are nonexistent in the industry.

¹⁰ *Major Collective Bargaining Agreements, Severance Pay and Layoff Benefit Plans* (BLS Bulletin 1425-2, 1965). These data are from 1963 collective bargaining agreements.

In view of the limited scope of formal industry arrangements for adjustment to technological changes, Government institutions for unemployment insurance, placement, and retraining may play a major role in assisting the textile worker in the event of plant closings and mass layoffs.

Mr. DANIELS. Thank you.

Mr. BURKE. Any questions?

Thank you very much, gentlemen.

Mr. HOHENBERG. Thank you, sir.

Mr. BURKE. Our next witness is Mr. E. Fontaine Broun, president, and Mr. Eugene L. Stewart, counsel, Manmade Fiber Producers Association.

For the purposes of this record will you gentlemen identify yourselves and proceed with your statement.

STATEMENT OF E. FONTAINE BROUN, PRESIDENT, MANMADE FIBER PRODUCERS ASSOCIATION; ACCOMPANIED BY EUGENE L. STEWART, COUNSEL

Mr. BROUN. Mr. Chairman and members of the committee, I am E. Fountaine Broun, president of Manmade Fiber Producers Association, as you very kindly said, Mr. Chairman. Mr. Eugene L. Stewart, who has for many years represented the association in tariff and customs matters in Washington is appearing with me here today. After my presentation of the association's testimony, Mr. Stewart and I will be happy between us to answer such questions as you may care to ask concerning our presentation.

At the outset, I take the opportunity to express to the committee our sincere appreciation for the privilege of appearing here today with respect to a matter of grave importance.

My appearance on behalf of the association, the membership of which accounts for more than 90 percent of the U.S. production of manmade fibers, is to express our uniform support of the overall textile industry effort to secure legislative action to create a system of flexible import quotas which will afford equitable participation for domestic and foreign-produced manmade fiber textile articles in the future growth of the U.S. textile market.

The domestic textile industry is of crucial importance to this Nation, whether measured from the point of view of the national security, or its contribution to full employment. Today the production of manmade fibers is an essential and interdependent part of the activities of the U.S. textile industry complex.

Tariff and trade considerations, if they are to serve the national interest, must of necessity give appropriate recognition to the position of the domestic textile industry complex within the U.S. economy, as well as its position in the world trading community.

To achieve this recognition in the consideration and formulation of congressional policy regarding trade between the United States and foreign nations, this committee should give full effect to the relationship of manmade fiber production to the other sectors of the textile manufacturing complex. Accordingly, we will endeavor very briefly to outline those basic facts essential to an understanding of the present state, and future prospects for economic growth, of the domestic textile industry complex, including the manmade fiber sector.

To assist further this committee in its understanding of the current complexion of the domestic textile industry and its relative position in world trade, we have appended to this statement, as supplementary material for your consideration, a detailed statistical appendix which sets forth what may be considered the basic economic data for the domestic textile industry and the manmade fiber sector of that industry. We respectfully request that this appendix be included in the formal record of these hearings.

Mr. BURKE. Without objection, it will be included.

Mr. BROWN. To place this discussion within the proper context, initial consideration must be given to certain basic facts concerning the manmade fiber producers of the United States and the role which they play within the interdependent multifiber textile industry.

THE INTERDEPENDENT MULTIFIBER TEXTILE INDUSTRY

All sectors of the U.S. textile industry complex agree that it is properly defined to mean all establishments engaged in the production in the United States of "textile articles" and that such term includes manmade staple fiber, filaments, and filament yarn, as well as wool tops; cotton, wool, and manmade fiber spun yarn; fabric, apparel and all other textile manufacturers, whether of cotton, wool or manmade fiber, or a combination or blend of these fibers with each other or in combination with other fibers.

This concept of a contemporary interdependent multifiber industry was recognized and subscribed to by the U.S. Tariff Commission in its textile and apparel study¹ released this January. The Commission's study recognized the fact that, in view of the changing composition of the fiber market, the former distinctions as to "fiber components" were rapidly becoming less meaningful due to the increased use of manmade fibers on wool- and cotton-spinning systems. Textile mills have found that, with a minimum adjustment of equipment, natural and synthetic fiber blends can be efficiently produced. The net result is that it has become increasingly difficult, if not impossible, to consider separately the producers of textile articles by the kind of fibers which they consume in their operations.

The emergence of this multifiber industry during the past decade has also witnessed the dramatic shift of the U.S. textile industry from a once predominantly cotton-oriented industry to a predominantly manmade-fiber-oriented industry. This trend is continuing.

The ultimate consumption of manmade fibers, which is also true of the natural fibers, is principally in the textile products which are purchased by the consumer. Within the textile manufacturing complex the efforts of the apparel and home furnishing sector of the textile industry to supply this consumer demand results in the principal use of our manmade fibers, although meeting defense requirements is also of great importance.

The strength of this domestic demand for manmade fibers is necessarily affected by the supply from abroad of semifinished and finished textile articles containing manmade fiber as well as by the foreign supply of manmade fibers in their primary form. Therefore, it may

¹ Report to the President on investigation No. 332-55 under section 332 of the Tariff Act of 1930—U.S. Tariff Commission—"Textiles and Apparel"; TC publication 226, Washington, D.C., January 1968.

be said that, to the extent that apparel, household furnishings, and other finished textile products demanded by the U.S. consumer are supplied by imports, the manmade fiber producing sector of the textile industry suffers a loss of a portion of that demand upon which it must ultimately depend for the sale of its products.

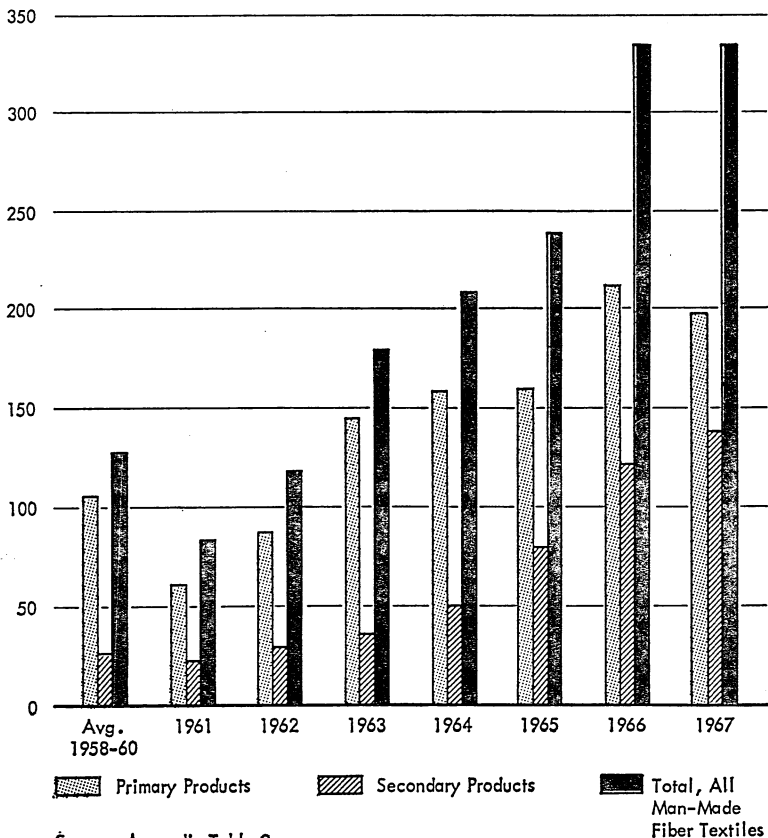
Against this background, I will discuss briefly the rapidly deteriorating position of the United States in foreign trade in manmade fiber textiles, as well as in textiles generally.

U.S. FOREIGN TRADE IN MANMADE FIBER TEXTILES

The following chart illustrates the trend during the past decade of U.S. imports of manmade fiber textile articles, both in their primary form (staple, tow, monofilaments, and filament yarn) and their secondary form (spun yarn, fabric, apparel, furnishings, and other finished textiles.)

Chart 1

U.S. IMPORTS OF MAN-MADE FIBER TEXTILES, 1958-1967
(In Millions of Pounds of Fiber Equivalent)



As illustrated in this chart, the proportion of total imports of manmade fiber accounted for by secondary products (semifinished and finished textile manufactures) has risen sharply during the observed period from an amount which was equal to approximately 20 percent of the total during the base period (average 1958-60) to an amount equal to 41 percent of the total during 1967. This dramatic increase in imports of manmade fiber in the form of secondary products represents an overall increase during the 1958-67 period in excess of 400 percent. The increase in imports of manmade fibers in the form of primary products approximated 90 percent during the period. Preliminary data recently released for the first quarter of 1960 show a 42-percent increase in total imports of manmade fiber textiles when compared to the first quarter of 1967. (App. table 2.)

In 1967, these imports of manmade fiber, in both primary and secondary forms, reached a level equal to 9 percent of producer shipments of manmade fibers, and 8.8 percent of the domestic consumption of manmade fibers. During the first quarter of 1968, imports of manmade fibers in both primary and secondary form reached the alarming levels of 10.6 percent of producer shipments, and 10 percent of domestic consumption. (App. tables 4 and 5.)

These ratios of import supply to shipments and domestic consumption are considerably above those penetration ratios which precipitated direct control of cotton textiles through the long-term cotton textile arrangement. Conversely, there is as yet no positive control of imports of manmade fiber either through international agreement or otherwise.

As in the case of cotton textiles, the rising imports of manmade fiber textiles have been accompanied by a relative decline in the once dynamic export sector. Our balance of trade for manmade fiber textile articles, on a quantity basis, during the past decade is illustrated in the following chart.

You will see from that chart where the shift over occurred between 1965 and 1966.

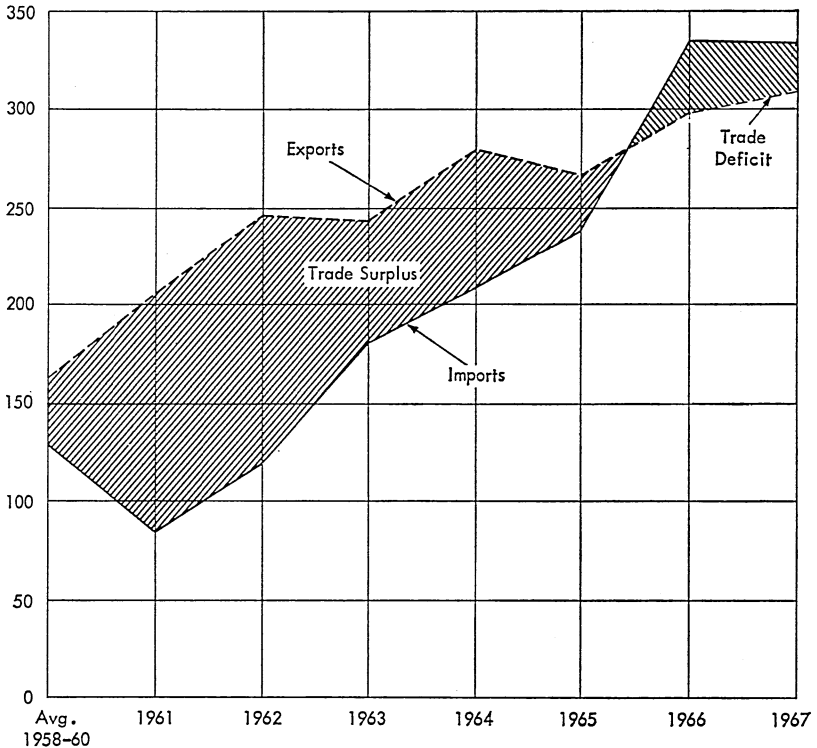
A striking fact, so characteristic of the worsening competitive status of the U.S. textile industry in manmade fibers as well as other fiber sectors, stands out clearly in this chart. Rapidly rising imports and a comparatively slow growth in exports have combined to eliminate a once extremely favorable balance of trade. In 1967, the result of these trends was a trade deficit in excess of 26 million pounds. (App. table 6.)

In view of the interdependent multifiber nature of our present day textile industry complex, it is appropriate and instructive, when considering the foreign trade developments which have an impact upon the manmade fiber sector of the textile industry, to examine the total foreign trade data embracing all textile materials.¹

¹ The term "textile materials" encompasses natural fibers, as well as manmade fibers, and the textile products made from natural or manmade fiber and blends thereof.

Chart 2

U.S. FOREIGN TRADE IN MAN-MADE FIBER TEXTILES
(In Millions of Pounds)



Source: Appendix Table 6

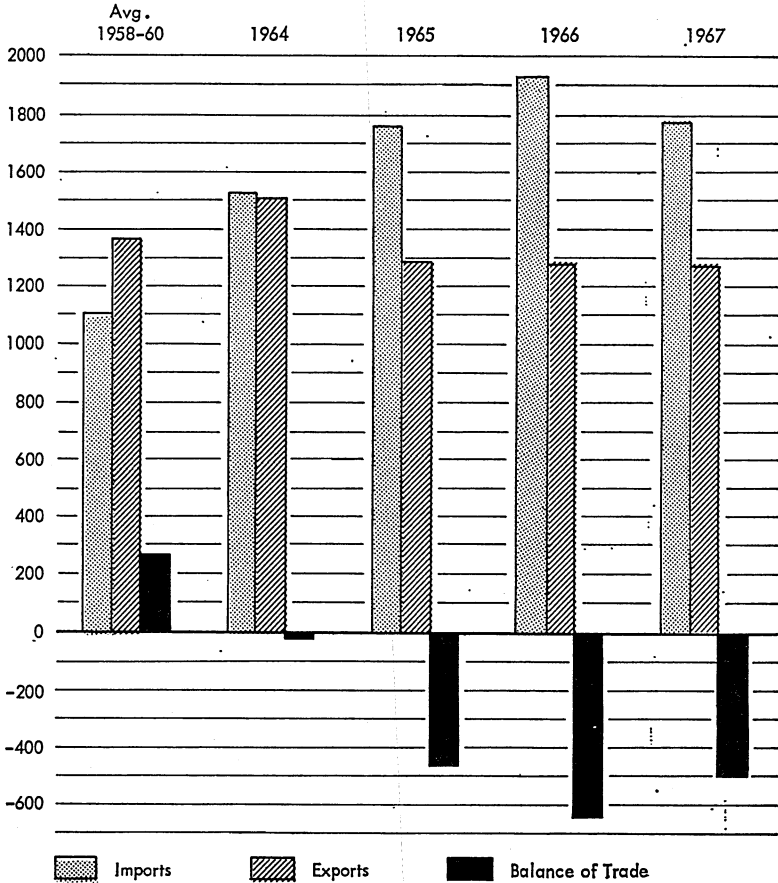
UNITED STATES FOREIGN TRADE IN TEXTILE MATERIALS

The essence of the U.S. textile industry's position in foreign trade is revealed by a comparison of the import and export trends for the total of all textile materials. These trends may be summarized as follows: During the past decade, imports rose by 61 percent, while exports dropped by 7 percent. (App. table 7.)

The result of these trends is that a favorable trade balance for all textile materials averaging \$266 million annually for the 1958-60 base period has shifted to a trade deficit of \$502 million in 1967, a net loss of \$768 million in our once favorable trade in textile materials. (App. table 7.) This shift is illustrated by the following chart.

Chart 3

U.S., BALANCE OF TRADE IN TEXTILE MATERIALS, 1958-1967
(In Millions of Dollars)



Source: Appendix Table 7

In terms of domestic employment, this trade deficit in 1967 represents a probable loss of 105,000 potential jobs in our domestic textile industry. Data with respect to the employment equivalents of imports and exports of textile materials are set forth in the appendix table 15.

In addition to the declining position of the U.S. textile industry in its own domestic market, there is also occurring a decline in the industry's participation in the world textile market.

During the past decade, exports of textile fibers by the principal producers of textiles among the developed nations¹ changed as follows: EEC, up 122 percent; EFTA up 127 percent; Japan, up 658 percent; United States, down 10 percent. During the same period, ex-

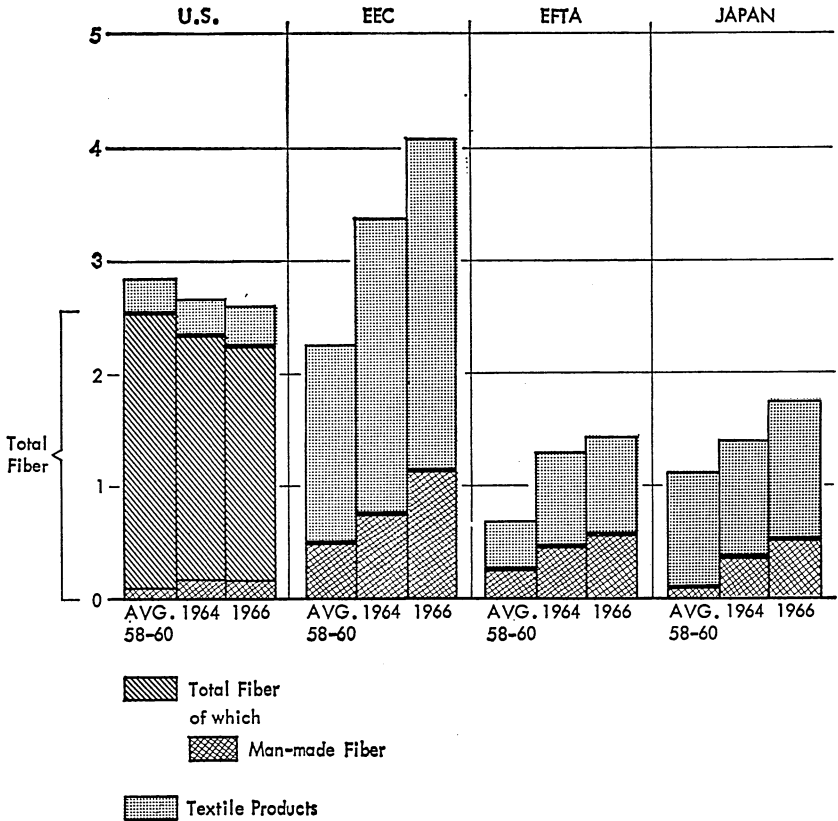
¹ EEC, EFTA, Japan, and the United States.

ports by these nations of textile products, semifinished and finished, changed as follows: EEC, up 68 percent, EFTA, up 100 percent; Japan up 18 percent; United States, up 1 percent. (App. table 8.)

Chart 4 illustrates this decline in the U.S. position in textile material exports.

Chart 4

EXPORTS BY UNITED STATES, EEC, EFTA, and JAPAN
OF TEXTILE MATERIALS, 1958-1966
(In Billions of Pounds of Fiber or Fiber Equivalent)



Source: Appendix Table 16 & 17

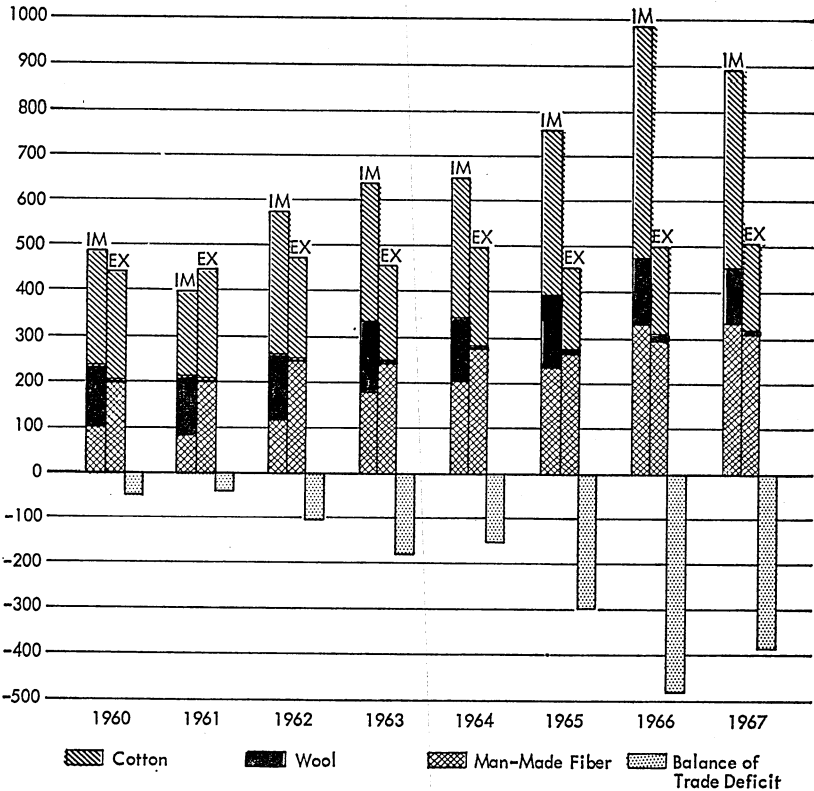
With respect to this chart, note that U.S. cotton fiber exports, obviously an important world commodity, which must be maintained on our own domestic market through the assistance of Government price-support programs, have consistently represented an amount equal to more than 80 percent of our total textile materials exports during the observed period. Conversely, at the same time, our exports of textile products—semifinished and finished manufactures—amounted to less

than 14 percent of our aggregate exports, with manmade fiber exports representing less than 6 percent of the aggregate.

The impact of this dramatic rise in the export capabilities of the EEC, EFTA, and Japan upon our domestic market is sharply brought into focus by the decline in the U.S. balance of trade in the products of the textile industry. The following chart 5 illustrates this decline.

Chart 5

U.S. FOREIGN TRADE IN PRODUCTS OF THE TEXTILE INDUSTRY, 1960 - 1967
(In Millions of Pounds of Fiber Equivalents)



Source: Appendix Table D

During the year 1967, this imbalance of foreign trade in products of the textile industry was a deficit balance of trade of almost 400 million pounds.

In summary, at the present time, under the impact of the developments previously discussed affecting trade in manmade fiber textiles, imports have risen more rapidly than the growth of our domestic market to a level established by experience to be disruptive of the domestic textile market. Conversely, exports have declined in relation to these imports with a resultant serious erosion of our Nation's once substantial balance of trade in this area.

Little prospect of any future alleviation of this deteriorating position, both in the domestic and world textile markets, appears to exist without some measure of positive governmental assistance.

In order properly to outline the nature of the governmental assistance necessary to rectify this problem, I take a moment to discuss briefly the impact of cotton textile import restraints on our foreign trade in manmade fiber textiles for the purpose of illustrating the necessity for an all-fiber system of import regulation.

As we all know, the United States presently participates in an international program under the auspices of GATT for the regulation of the rate of growth of imports of cotton textile products in such a manner as to avoid market disruption both here and in other developed countries. Experience during the past 6 years under this program has now taught us that the regulation of imports of textiles of one fiber cannot, and will not, preserve the economic health of the domestic textile industry. Import regulation on an all-fiber basis is required.

The implementation of the international cotton textile arrangements has been accompanied by a strong shift from cotton textile imports to manmade fiber textile imports. Textile imports, when measured from 1962 as a base—the first full year under the international cotton textile arrangements—show an increase in imports of cotton textiles of 42 percent; whereas during the same period, manmade fiber textiles increased by 183 percent. Undoubtedly, once the LTA took hold in 1963 and 1964, the rising thrust of imports shifted to manmade fiber textiles primarily in the secondary products area, which increased almost 350 percent during the past five years (appendix table 11).

The world, both developed and developing nations, has a rapidly rising capability to produce manmade fiber textiles. This capability is now being used increasingly to produce goods for export to the United States. The operation of the LTA has stimulated a shift from cotton to manmade fiber textiles in exports to the United States. This shift emphasizes the necessity for dealing with the interdependent multifiber textile import problem on an all-fiber, rather than merely on a single-fiber, basis.

The use by other developed nations of quotas, border taxes, or other measures to control imports of manmade fiber textile articles effectively precludes U.S. participation in the growth of the world textile market. With the combination of manmade fiber producers in Japan and Europe into production, marketing, and export cartels, there is an ever-increasing threat of economic injury to the U.S. manmade fiber producing sector of the textile industry. The research and development and capital investment programs of the manmade fiber industry are a major factor in the expansion of consumer demand for textiles and the strengthening of economic activity in the United States textile industry (appendix table 21). It is this vital force which is being imperiled by the market disruptive effects of the excessive volume and rate of increase of imports of manmade fiber textile articles.

RECOMMENDATIONS

We therefore recommend:

1. That in light of the following principles, this committee consider and adopt a means for the regulation of textile imports on all-fiber basis in a manner similar to that embodied in pending legislation (such

as H.R. 11578, 11579, 11582, 11534, and 12477) which would accord equitable access for both domestic and foreign produced textile articles to the future growth of the U.S. textile market.

These principles are as follows:

U.S. congressional policy with regard to foreign trade should recognize the desirability of sustaining our domestic economy and attaining the social and political objectives of our Nation, and should be consistent with the maintenance of resources which sustain domestic research and development and foster capital investment and job opportunities in the United States.

No foreign nation or group of nations should be accorded unlimited access to the U.S. market without regard to the consequences to the U.S. economy, any significant sector thereof, or the welfare of any significant group of U.S. citizens as represented by the stability of their jobs.

The U.S. people can properly expect and insist that their Government call upon other nations to respect the rights of the United States to foster the general welfare of its people.

The legitimate concern of other nations for their similar interests foreordains that U.S. industry cannot expect to gain unlimited access to the markets of other nations.

Maintenance of the U.S. standard of living; support for the social, political, and economic objectives of this Nation, and the cost of our international obligations result in U.S. industries bearing a heavier final cost burden than that required of their foreign competitors.

When U.S. industries meet their foreign competitors in the domestic and export markets under conditions in which the foreign industries possess a strong competitive advantage which is fostered by their governments, the U.S. Government cannot ignore these facts and widen the competitive gulf between United States and foreign industries by the unrestrained liberalization of U.S. import regulatory means without sacrificing the legitimate interests of our Nation and of its citizens.

We further recommend:

2. Government action which would enhance U.S. exports of man-made fibers and other products. For example:

First, credit for foreign border taxes.

Foreign border taxes paid by or on behalf of the U.S. exporter should be allowed as a direct credit against the U.S. exporter's income tax liability. This means that the credit for the tax would substantially increase the competitive position of the U.S. manmade fiber producer in exporting to Europe, and thus tend to place him on a somewhat more equal footing within the European market with respect to his European competitor.

Second, financing of export receivables.

We understand that purchasers in most Latin American, African, Australian, and East Asian countries demand credit terms of 180 to 270 days. The Netherlands, Denmark, Germany, France, India, and Pakistan reportedly have programs financing extended credit terms at Government expense, allowing their exporters to accept such business without penalty.

In relation to this situation, U.S. manmade fiber producers may be at a double disadvantage: one flowing from the current interpretation of our tax laws, and the other from the recent mandatory regulations on direct investment.

Unlike the foreign countries mentioned, the U.S. Government does not bear the cost of carrying receivables; this must be done by the U.S. exporter. If, as is often the case, the U.S. man-made fiber producer undertakes to sell abroad through an affiliate, Treasury regulations require the producer to charge interest on credit extended to the ultimate customer through the affiliate. Upon failure of the producer to do so, Treasury imputes interest income to the U.S. fiber producer. In either event, therefore, the U.S. fiber producer is at a disadvantage in attempting to compete with the extended credit terms made available to his foreign competitors by their governments.

The Commerce Department's regulations on the control of direct foreign investment treat any amount of credit extended to an affiliate as a direct investment. Hence, the efforts of a U.S. fiber producer, selling abroad through an affiliate, to compete in the matter of extended payment terms result in the fiber producer's having charged against his direct investment the amount of such credit. This can subject the fiber producer to the necessity of requesting specific approval of such credit extension prior to the fact. Obviously, it is impossible to carry on competitive business in the export market on this basis.

It is suggested that both the Treasury and Commerce Departments should accept the reality of the marketplace in the matter of credit terms and not penalize exporters in relation to credit for terms of less than 1 year. Treasury, on its part, should amend its regulations so that credit extended in the export trade to ultimate customers through an affiliate not be subject to interest or the imputation of interest income. Commerce, on its part, should conform its direct investment regulations to accounting convention and not treat credit of 1 year or less as a direct investment.

Finally, consideration should be given to the assumption by the Government of the cost of extended credit so as to improve the competitive position of U.S. producers in attempting to meet the Government-financed extended credit terms offered by the foreign competitors of U.S. producers seeking to compete in the export trade.

We further recommend:

3. That this committee consider modification of the proposed Trade Expansion Act of 1968, in the following respects:

First: That title II, which would extend the residue of present trade agreement authority to reduce tariffs under the Trade Expansion Act of 1962 through July 1, 1970, be amended to conform to the expression of the administration's intent with respect to its utilization.

The transmittal message of the President accompanying the Trade Expansion Act of 1968, together with the bill's section-by-section analysis, provide a clear expression of intent that the requested authority is to be employed solely as a vehicle to facilitate the implementation of compensatory tariff concessions, and that such authority would not be employed in either bilateral or multilateral trade negotiations. This concept was reaffirmed by Ambassador Roth during his recent appearance before this committee.

The Man-Made Fiber Producers Association subscribes to this extension of authority for those reasons tendered by the administration. We, however, strongly recommend that this grant of authority is statutorily limited in its exercise specifically to those instances requiring compensatory concessions.

Second. That the liberalization of the criteria for determining eligibility of individual firms and workers for adjustment assistance now proposed under the Trade Expansion Act of 1968 be extended to the applications of domestic industries for relief from increased imports. As written, the proposed Trade Expansion Act of 1968 creates a double standard which, we submit, is contrary to the Nation's basic precepts of justice and fair play.

I thank you once again for the opportunity of this appearance.
(The appendix referred to follows:)

APPENDIX

TABLE 1.—PRODUCTION OF MAN-MADE FIBERS, AVERAGE 1958-60, AND CAPACITY FOR PRODUCTION OF MANMADE FIBERS. DECEMBER 1968

[Amounts in millions of pounds]

	Production average 1958-60		Capacity as of December 1968		Percent change 1958-60 to 1968
	Amount	Percent of total	Amount	Percent of total	
United States.....	1,681	25.2	5,646	29.8	+235.9
Other Americas.....	330	4.9	908	4.8	+175.2
Western Europe.....	2,435	36.5	6,332	33.5	+160.0
Eastern Europe and Mainland China.....	1,079	16.2	2,594	13.7	+140.4
Japan.....	1,019	15.3	2,798	14.8	+174.6
All other.....	130	1.9	649	3.4	+399.2
World total.....	6,674	100	18,927	100	+183.6

Source: Appendix table 3.

TABLE 2.—U.S. IMPORTS OF MANMADE FIBER TEXTILES, 1958-67

	Primary products (in millions of pounds)			Secondary products (in millions of pounds of fiber equivalent)			Total, all manmade fiber textiles
	Staple and tow including "waste"	Monofilaments and filament yarn	Total	Spun yarn and fabric, including tops and thread	Apparel, furnishings, and other finished textiles	Total	
1958.....	96.6	2.6	99.2	5.8	7.4	13.2	112.4
1959.....	131.6	4.9	136.5	17.2	16.5	33.6	170.1
1960.....	69.3	4.7	74.0	12.7	18.6	31.3	105.3
Average, 1958-60.....	99.2	4.1	103.3	11.9	14.2	26.0	129.3
1961.....	53.6	6.5	60.1	9.0	14.5	23.5	83.6
1962.....	78.0	9.6	87.6	13.5	17.1	30.6	118.2
1963.....	137.2	8.0	145.2	15.6	20.6	36.2	181.4
1964.....	149.3	8.9	158.2	16.8	33.2	50.0	208.2
1965.....	144.0	15.3	159.3	27.9	51.1	79.0	238.3
1966.....	196.5	16.2	212.7	49.7	72.5	122.2	334.9
1967.....	172.3	24.1	196.4	41.5	96.1	137.6	334.0
Percent change, 1958-60/1967.....	+73.7	+487.8	+90.1	+34.9	+576.8	+429.2	+158.3
1st quarter 1967.....	43.1	7.5	50.6	10.0	20.7	30.7	81.3
1st quarter 1968.....	69.3	13.3	82.6	13.2	19.6	32.8	115.4
Percent change, 1st quarter 1967/1968.....	+60.8	+77.3	+63.2	+32.0	-5.3	+6.8	+41.9

Note: Totals will not always add, due to rounding.

Source: Textile Organon, March 1968, May 1968. U.S. Department of Agriculture, Economic Research Service, "Statistics on Cotton," 1925-62, table 20; "Cotton Situation," Jan. 28, 1968, table 28.

TABLE 3.—DOMESTIC SHIPMENTS OF MANMADE FIBER, 1958-67

[In millions of pounds]

	Primary products		Total, primary products
	Staple and tow, including "waste"	Monofilaments and filament yarn	
1958.....	613.5	952.2	1,565.7
1959.....	690.5	1,096.2	1,786.7
1960.....	647.9	1,021.0	1,688.9
Average, 1958-60.....	650.6	1,023.1	1,673.7
1961.....	768.1	1,098.6	1,866.7
1962.....	935.0	1,230.0	2,165.0
1963.....	1,142.8	1,334.6	2,477.4
1964.....	1,257.8	1,557.1	2,814.9
1965.....	1,520.9	1,694.9	3,215.8
1966.....	1,661.8	1,846.5	3,508.3
1967.....	1,871.9	1,898.9	3,770.8
Percent change, 1958-60/1967.....	+187.7	+85.6	+125.2
1st quarter 1967.....	370.5	452.4	822.9
1st quarter 1968.....	518.5	567.5	1,086.0
Percent change, 1st quarter 1967/1968.....	+39.9	+25.4	+32.0

Source: Textile Economics Bureau, Inc., "Textile Organon," March 1968 and May 1968.

TABLE 4.—RATIO OF IMPORTS OF MANMADE FIBER TEXTILES TO DOMESTIC SHIPMENTS OF MANMADE FIBERS
1958-67

[In percent]

	Primary products		Total		Primary and secondary products
	Staple fiber and tow, including "waste"	Monofilaments and filament yarn	Primary products	Secondary products (semimanu- factures and manufactures)	
1958.....	15.7	0.3	6.3	0.8	7.1
1959.....	19.1	.4	7.6	1.9	9.5
1960.....	10.7	.5	4.4	1.9	6.3
Average, 1958-60.....	15.2	.4	6.2	1.6	7.8
1961.....	7.0	.6	3.2	1.3	4.5
1962.....	8.3	.8	4.0	1.4	5.4
1963.....	12.0	.6	5.9	1.5	7.4
1964.....	11.9	.6	5.6	1.8	7.4
1965.....	9.5	.9	5.0	2.5	7.5
1966.....	11.8	.9	6.1	3.5	9.6
1967.....	9.2	1.3	5.2	3.7	9.0
1st quarter, 1967.....	11.6	1.7	6.1	3.7	9.9
1st quarter, 1968.....	13.4	2.3	7.6	3.0	10.6

Source: Appendix tables 2 and 3.

TABLE 5.—IMPORTS OF MANMADE FIBER AND MANMADE FIBER TEXTILE PRODUCTS IN RELATION TO DOMESTIC CONSUMPTION OF MANMADE FIBER, 1958-67
[In millions of pounds of fiber or fiber equivalent]

	Imports of manmade fiber			Domestic consumption of manmade fiber	Ratio, imports to domestic consumption (percent)
	As primary products	As secondary products	Total		
Average 1958-60.....	103.3	26.0	129.3	1,703.2	7.6
1961.....	60.1	23.5	83.6	1,842.2	4.5
1962.....	87.6	30.6	118.2	2,161.5	5.5
1963.....	145.2	36.2	181.4	2,515.7	7.2
1964.....	158.2	50.0	208.2	2,850.5	7.3
1965.....	159.3	79.0	238.3	3,237.9	7.4
1966.....	212.7	122.2	334.9	3,565.2	9.4
1967.....	196.4	137.6	334.0	3,793.7	8.8
1st quarter 1967.....	50.6	30.7	81.3	866.5	9.4
1st quarter 1968.....	82.6	32.8	115.4	1,152.0	10.0

Source: Imports, appendix table 2, supra. Domestic consumption (imports for consumption plus U.S. producers' domestic shipments), Textile Organon, February 1968.

TABLE 6.—U.S. FOREIGN TRADE IN MANMADE FIBER TEXTILES
[In millions]

	Imports		Exports		Balance of trade	
	Quantity (pounds)	Value	Quantity (pounds)	Value	Quantity (pounds)	Value
1958.....	112	\$60.7	131	\$176.1	+19	+\$115.4
1959.....	170	\$99.4	154	\$206.8	-16	+\$107.4
1960.....	105	\$81.1	200	\$273.4	+95	+\$192.3
Average, 1958-60.....	129	\$80.4	162	\$218.8	+33	+\$138.4
1961.....	84	\$76.4	203	\$268.1	+119	+\$191.7
1962.....	118	\$104.3	243	\$322.3	+125	+\$218.0
1963.....	181	\$124.3	241	\$326.6	+60	+\$202.3
1964.....	208	\$170.4	277	\$406.3	+69	+\$235.9
1965.....	238	\$247.5	264	\$335.7	+26	+\$88.2
1966.....	335	\$322.5	297	\$360.4	-38	+\$37.9
1967.....	334	\$351.5	308	\$358.2	-26	+\$6.7
Percent change, 1958-60 average to 1967.....	+158.9	+337.2	+90.1	+63.7	-178.8	-95.2

Source: Value data: U.S. Department of Commerce, Office of Textiles; quantity data: Imports, appendix table 2, supra; exports, Textile Organon, April 1968; Textile Economics Bureau, Inc.

TABLE 7.—U.S. BALANCE OF TRADE IN TEXTILE MATERIALS, 1958-67

[Dollar amounts in millions]

	Average 1958-60	1964	1965	1966	1967	Percent change, 1958-60 to 1967
SITC 26						
Textile fibers:						
Imports.....	\$386.3	\$403.8	\$432.6	\$435.9	\$312.4	-19.1
Exports.....	820.3	829.7	617.3	565.8	592.5	-27.8
Balance of trade.....	+434.0	+425.9	+184.7	+129.9	+280.1	-35.5
SITC 65						
Textile yarn, fabrics, and related products:						
Imports.....	477.2	683.2	795.2	901.3	811.3	+70.0
Exports.....	454.5	581.5	527.8	554.2	525.8	+15.7
Balance of trade.....	-22.7	-101.7	-267.4	-347.1	-285.5	-1,157.7
SITC 841						
Clothing (except fur):						
Imports.....	240.8	450.1	537.1	599.1	654.4	+171.7
Exports.....	95.1	98.2	140.4	160.4	158.1	+66.2
Balance of trade.....	-145.7	-351.9	-396.7	-438.7	-496.3	-240.6
Total, all textile materials:						
Imports.....	1,104.3	1,537.1	1,764.9	1,936.3	1,778.1	+61.0
Exports.....	1,369.9	1,509.4	1,285.5	1,280.4	1,276.4	-6.8
Balance of trade.....	+265.6	-27.7	-479.4	-655.9	-501.7	-288.9

Source: Appendix table 14.

TABLE 8.—TEXTILE MATERIALS EXPORTS BY UNITED STATES, EEC, EFTA, AND JAPAN, 1958-66

[In millions of pounds of fiber or fiber equivalent]

	Average, 1958-60	1964	1966	Percent change, 1958-60 to 1966
United States:				
Fiber.....	2,525.1	2,331.7	2,260.1	-10.5
Textile products.....	344.0	325.9	347.7	+1.1
Total.....	2,869.1	2,657.6	2,607.8	-9.2
EEC:				
Fiber.....	502.0	755.9	1,117.8	+122.4
Textile products.....	1,762.6	2,616.6	2,959.6	+67.9
Total.....	2,264.6	3,372.5	4,077.4	+80.0
EFTA:				
Fiber.....	238.0	450.6	541.8	+127.6
Textile products ¹	446.2	847.2	895.2	+100.6
Total.....	684.2	1,297.8	1,437.0	+110.0
Japan:				
Fiber.....	² 67.5	324.2	512.0	+658.5
Textile products.....	1,030.6	1,064.4	1,224.4	+18.8
Total.....	1,098.1	1,388.6	1,736.4	58.1
Total EEC, EFTA, Japan:				
Fiber.....	807.5	1,530.7	2,171.6	+168.9
Textile products.....	3,239.4	4,528.2	5,079.2	+56.8
Total.....	4,046.9	6,058.9	7,250.8	+79.2

¹ EFTA textile products substantially understated due to lack of publication of data for United Kingdom. See notes to appendix table G.² Fiber exports from Japan for the 1958-60 period do not include exports of spun yarn.

Source: Appendix tables 16, 17, and 18.

TABLE 9.—U.S. FOREIGN TRADE IN PRODUCTS OF THE TEXTILE INDUSTRY, 1960-67

[In millions of pounds of fiber or fiber equivalent]

	1960	1964	1967	Percent change, 1960-67
Imports:				
Cotton.....	252.3	300.2	438.5	+73.8
Wool.....	132.1	141.1	121.8	-7.8
Manmade fiber.....	105.3	208.1	334.0	+217.2
Total.....	489.7	649.4	894.3	+82.6
Exports:				
Cotton.....	233.3	213.2	188.4	-19.3
Wool.....	4.7	7.0	10.2	+117.0
Manmade fiber.....	200.1	276.8	308.0	+53.9
Total.....	438.1	497.0	506.6	+15.6
Deficit balance of trade.....	-51.6	-152.4	-387.7	-651.3

Source: Appendix table 15.

TABLE 10.—WORLD PRODUCTION OF CERTAIN TEXTILE FIBERS

[Millions of pounds, and percent]

	Cotton		Wool		Silk		Manmade fiber		Total pounds
	Pounds	Percent	Pounds	Percent	Pounds	Percent	Pounds	Percent	
1958.....	21,468	70	3,051	10	75	-----	5,938	20	30,532
1959.....	22,635	69	3,220	10	71	-----	6,807	21	32,733
1960.....	22,295	68	3,225	10	68	-----	7,280	22	32,868
Average, 1958-60.....	22,133	69	3,165	10	71	-----	6,675	21	32,044
1961.....	21,647	66	3,267	10	69	-----	7,743	24	32,729
1962.....	23,052	66	3,257	9	73	-----	8,677	25	35,059
1963.....	24,130	65	3,321	9	68	-----	9,663	26	37,182
1964.....	24,914	64	3,264	8	72	-----	10,949	28	39,199
1965.....	25,432	63	3,284	8	71	-----	11,840	29	40,627
1966.....	22,893	59	3,364	9	72	-----	12,779	33	39,108
Percent change, 1958-60 to 1966.....	+3.4	-----	+6.3	-----	+1.4	-----	+91.4	-----	+22

Source: Textile Organon, June 1967 and June 1968.

TABLE 11.—COMPOSITION OF U.S. TEXTILE IMPORTS BY FIBER CONTENT, 1958-67

[In millions of pounds of fiber or fiber equivalent]

	Man-made fiber			Cotton	Wool	Grand total
	Primary products	Secondary products	Total			
Average:						
1958 to 1960.....	103.3	26.0	129.3	179.1	116.4	424.8
1961.....	60.1	23.5	83.6	188.9	127.4	399.9
Short-term cotton textile arrangements:						
1962.....	87.6	30.6	118.2	309.8	145.6	573.6
Percent change, 1961 to 1962 (percent).....	+45.8	+30.2	+41.4	+64.0	+14.3	+43.4
Long-term cotton textile arrangement:						
1963.....	145.2	36.2	181.4	304.3	152.5	638.2
Percent change, 1962 to 1963 (percent).....	+65.8	+18.3	+53.5	-1.8	+4.7	+11.3
1964.....	158.2	50.0	208.2	300.2	141.1	649.3
Percent change, 1963 to 1964 (percent).....	+9.0	+38.1	+14.8	-1.3	-7.5	+1.8
1965.....	159.3	79.0	238.3	360.6	156.1	755.0
Percent change, 1964 to 1965 (percent).....	+1.7	+58.0	+14.5	+20.1	+10.6	+16.2
1966.....	212.7	122.2	334.9	507.0	142.9	984.8
Percent change, 1965 to 1966 (percent).....	+33.5	+54.7	+40.5	+40.6	-8.5	+30.4
1967.....	196.4	137.6	334.0	438.5	121.8	894.3
Percent change, 1966 to 1967 (percent).....	-7.7	+12.6	-3	-13.5	-14.8	-9.2
Percent change, 1958 to 1960 and 1967 (percent).....	+90.1	+429.2	+158.3	+144.8	+4.6	+110.5
Percent change, 1962 to 1967 (percent).....	+124.2	+349.7	+182.6	+41.5	-16.3	+55.9
First quarter 1967.....	50.6	30.7	81.3	121.3	28.0	230.6
First quarter 1968.....	82.6	32.8	115.4	121.1	30.6	267.1

Source: Textile Economics Bureau, Inc., "Textile Organon," March 1968. U.S. Department of Agriculture, Economic Research Service, "Statistics on Cotton 1925-62; Cotton Situation" and "Wool Situation," May 1968.

TABLE 12.—PRODUCTION AND IMPORTATION OF COTTON VERSUS PRODUCTION AND IMPORTATION OF MANMADE FIBERS, 1958-59—1966-67, BY NATIONS PRODUCING MANMADE FIBERS IN 1966

[In millions of pounds]

	1958-59		1961-62		1962-63		1963-64		1964-65		1965-66		1966-67		Percent change, 1958-59—1966-67	
	Produc- tion	Im- ports	Produc- tion	Im- ports	Produc- tion	Im- ports	Produc- tion	Im- ports	Produc- tion	Im- ports	Produc- tion	Im- ports	Produc- tion	Im- ports	Produc- tion	Im- ports
United States:																
Cotton.....	5,752	68	7,224	79	7,460	69	7,670	49	7,623	37	7,460	49	4,930	37	-14.3	-45.6
Manmade fiber.....	1,525	88	1,846	46	2,245	74	2,505	132	2,839	140	3,304	142	3,588	194	+135.3	+120.5
Other Americas:																
Cotton.....	2,572	228	3,165	337	3,251	271	3,128	387	3,337	396	3,376	431	2,924	372	+13.7	+63.2
Manmade fiber.....	301	53	360	76	387	83	415	77	486	96	536	122	558	124	+85.4	+134.0
EEC:																
Cotton.....	18	1,891	13	2,124	9	2,182	13	2,311	11	1,963	11	2,102	6	2,161	-66.7	+14.3
Manmade fiber.....	1,371	82	1,755	1,982	1,982	2,118	2,213	2,271	2,466	314	2,479	369	2,662	472	+94.2	+475.6
EFTA:																
Cotton.....	914	74	877	104	965	955	1,093	1,060	971	916	1,316	916	1,331	850	-----	-7.0
Manmade fiber.....	708	231	958	179	1,024	141	1,033	194	1,237	262	1,316	304	1,331	305	+88.0	+312.2
Other Western Europe:																
Cotton.....	655	22	122	25	148	8	168	64	175	92	1,110	165	1,291	103	+97.1	-55.4
Manmade fiber.....	117	22	122	25	148	42	168	64	175	71	172	91	179	133	+53.0	+504.5
Eastern Europe and mainland China:																
Cotton.....	7,808	1,595	5,629	1,652	5,580	1,895	6,406	1,970	6,905	2,096	7,305	2,031	7,555	2,056	-3.2	+28.9
Manmade fiber.....	991	2,271	1,309	2,131	1,417	2,111	1,513	3,412	1,673	3,470	1,844	3,468	2,043	3,385	+106.2	-----
Middle East and Africa:																
Cotton.....	1,251	39	1,123	73	1,353	69	1,352	72	1,544	94	1,629	86	1,422	99	+13.7	+153.8
Manmade fiber.....	22	7	26	11	28	12	30	15	34	101	38	130	46	91	+109.1	+1,200.0
Japan:																
Cotton.....	1,268	2	1,314	1,428	1,339	1,547	1,537	1,590	1,716	1,716	1,908	1,546	2,102	1,788	+156.7	+40.9
Manmade fiber.....	819	2	1,314	1,428	1,339	1,547	1,537	1,590	1,716	1,716	1,908	1,546	2,102	1,788	+156.7	+40.9
India:																
Cotton.....	2,110	196	2,038	336	2,475	375	2,625	279	2,460	375	2,300	228	2,300	300	+9.0	+53.0
Manmade fiber.....	65	31	109	45	134	41	151	47	176	31	187	20	203	12	+212.3	-61.3
Other Asia and Oceania: 1																
Cotton.....	681	278	809	397	895	418	1,021	466	949	456	998	489	1,169	541	+71.7	+94.6
Manmade fiber.....	22	30	25	57	31	100	38	93	47	108	56	129	67	160	+204.5	+433.3
Total above:																
Cotton.....	20,847	6,708	20,959	7,530	22,147	7,789	23,248	8,221	23,814	8,196	24,189	8,043	21,597	8,305	+3.6	+23.8
Manmade fiber 2.....	5,937	416	7,743	504	8,676	696	9,663	1,291	10,949	1,569	11,840	1,723	12,779	1,821	+115.2	+338.0

1 As given in the source, import data are adjusted to reflect the net foreign trade balance in spun yarn. A minus sign indicates a net export surplus. See p. 96, Textile Organon, June 1967, notes a and b.

2 Yugoslavia only; other Communist country imports not available.

3 Communist country imports are only those from the free world.

4 Pakistan production and import data not included.

5 Totals differ due to rounding and due to revisions of data for individual countries.

Note: Cotton data are for crop year commencing Aug. 1 of 1st year stated in each heading. Manmade fiber data are for calendar year 1st stated in each column heading.

Source: Cotton data, International Cotton Advisory Committee, Cotton—World Statistics, October 1967. Manmade fiber production data, Textile Organon, June issues 1967, 1967. Manmade fiber import data, Textile Organon, June issues, 1959, 1962-67.

TABLE 13.—WORLD MANMADE FIBER PRODUCTION AND PRODUCING CAPACITY, BY REGION, 1958-68

[In millions of pounds]

	United States	Other Americas	Western Europe	Eastern Europe and mainland China	Japan	All other	World total
Production:							
Average, 1958-60:							
Cellulosic.....	1,077	289	2,086	1,011	839	125	5,427
Noncellulosic.....	604	41	349	68	180	5	1,247
Total.....	1,681	330	2,435	1,079	1,019	130	6,674
1961:							
Cellulosic.....	1,095	294	2,195	1,200	976	153	5,913
Noncellulosic.....	751	66	559	109	338	7	1,830
Total.....	1,846	360	2,754	1,309	1,314	160	7,743
1962:							
Cellulosic.....	1,272	301	2,332	1,272	936	183	6,296
Noncellulosic.....	973	86	763	145	403	10	2,380
Total.....	2,245	387	3,095	1,417	1,339	193	8,676
1963:							
Cellulosic.....	1,349	310	2,522	1,334	1,010	201	6,726
Noncellulosic.....	1,156	105	952	179	527	18	2,937
Total.....	2,505	415	3,474	1,513	1,537	219	9,663
1964:							
Cellulosic.....	1,432	349	2,709	1,449	1,061	228	7,228
Noncellulosic.....	1,407	137	1,169	224	755	29	3,721
Total.....	2,839	486	3,878	1,673	1,816	257	10,949
1965:							
Cellulosic.....	1,527	356	2,599	1,545	1,071	232	7,330
Noncellulosic.....	1,777	180	1,368	299	837	49	4,510
Total.....	3,304	536	3,967	1,844	1,908	281	11,840
1966:							
Cellulosic.....	1,519	334	2,473	1,659	1,087	249	7,321
Noncellulosic.....	2,069	224	1,699	384	1,015	67	5,458
Total.....	3,588	558	4,172	2,043	2,102	316	12,779
Capacity, as of—							
March 1967:							
Cellulosic.....	1,717	413	3,112	1,853	1,269	300	8,664
Noncellulosic.....	3,117	366	2,479	483	1,178	99	7,722
Total.....	4,834	779	5,591	2,336	2,447	399	16,386
December 1968:							
Cellulosic.....	1,753	422	3,076	1,976	1,278	447	8,952
Noncellulosic.....	3,893	486	3,256	618	1,520	202	9,975
Total.....	5,646	908	6,332	2,594	2,798	649	18,927
As to total production or capacity:							
Percent change 1958-60/1966.....	+113.4	+69.1	+71.3	+89.3	+106.3	+143.1	+91.5
Percent change 1966/1968.....	+57.4	+62.7	+51.8	+27.0	+33.1	+105.4	+48.1
Percent change 1958-60/1968.....	+235.9	+175.2	+160.0	+140.4	+174.6	+399.2	+183.6
Share of total (percent)—							
In 1958-60.....	25.2	4.9	36.5	16.2	15.3	1.9	100.0
In 1968.....	29.8	4.8	33.5	13.7	14.8	3.4	100.0

Source: Textile Organon, June 1965, June 1967.

TABLE 14.—U.S. BALANCE OF TRADE IN MAN-MADE FIBERS AND ALL OTHER TEXTILE MATERIALS, 1958-67¹
 [Dollar amounts in millions]

	1958	1959	1960	Average 1958-60	1961	1962	1963	1964	1965	1966	1967	Percent change 1958-60 to 1967
SITC 26, textile fibers:												
Imports.....	\$336.8	\$434.4	\$387.8	\$386.3	\$385.0	\$410.5	\$440.3	\$403.8	\$432.6	\$435.9	\$312.4	-19.1
Exports.....	762.7	576.7	1,121.6	820.3	1,011.5	662.8	723.1	829.7	617.3	565.8	592.5	-27.8
Balance of Trade.....	+425.9	+142.3	+733.8	+434.0	+626.5	+252.3	+282.8	+425.9	+184.7	+129.9	+280.1	-35.5
SITC 65, textile yarn, fabrics, madeup articles and related products:												
Imports.....	386.9	490.1	554.7	477.2	530.0	654.3	679.8	683.2	795.2	901.3	811.3	+70.0
Exports.....	431.8	448.4	483.2	454.5	481.8	494.0	491.3	581.5	527.8	554.2	525.8	+15.7
Balance of Trade.....	+44.9	-41.7	-71.5	-22.7	-48.2	-160.3	-188.5	-101.7	-267.4	-347.1	-285.5	-1,157.7
SITC 841, clothing (except fur clothing):												
Imports.....	175.5	254.2	292.6	240.8	268.2	362.7	390.4	450.1	537.1	599.1	654.4	+171.7
Exports.....	91.3	91.6	102.3	95.1	97.8	85.0	89.8	98.2	140.4	160.4	158.1	+66.2
Balance of Trade.....	-84.2	-162.6	-190.3	-145.7	-170.4	-277.7	-300.6	-351.9	-396.7	-438.7	-496.3	-240.6
Total, all textile materials (SITC 26 + 65 + 841):												
Imports.....	899.2	1,178.7	1,235.1	1,104.3	1,183.2	1,427.5	1,510.5	1,537.1	1,764.9	1,936.3	1,778.1	+61.0
Exports.....	1,285.8	1,116.7	1,369.9	1,369.9	1,591.1	1,241.8	1,304.2	1,509.4	1,285.5	1,280.4	1,276.4	-6.8
Balance of Trade.....	+386.6	-62.0	+472.0	+265.6	+407.9	-185.7	-206.3	-27.7	-479.4	-655.9	-501.7	-288.9

¹ Annual rate based on January-November 1967 imports, and exports.

Source: U.S. Department of Commerce, Bureau of the Census, Foreign Commerce and Navigation of the United States 1946-63; FT 129, December 1964, 1965, 1966; FT 135, November 1967; FT 410, 1964 annual, December 1965, 1966, November 1967.

TABLE 15

1. U.S. FOREIGN TRADE IN PRODUCTS OF THE TEXTILE INDUSTRY

[In millions of pounds of fiber or fiber equivalent]

	Imports				Exports				Balance of trade			
	Cotton	Wool	Man-made fiber	Total	Cotton	Wool	Man-made fiber	Total	Cotton	Wool	Man-made fiber	Total
1960-----	252.3	132.1	105.3	489.7	233.3	4.7	200.1	438.1	-19.0	-127.4	+98.4	-48.0
1961-----	188.9	127.4	83.6	399.9	239.2	4.5	203.1	446.8	+50.3	-122.9	+119.5	+46.9
1962-----	309.8	145.6	118.2	573.6	220.3	4.4	243.4	468.1	-89.5	-141.2	+125.2	-105.5
1963-----	304.3	152.5	181.4	638.2	207.8	5.6	240.7	454.1	-96.5	-146.9	+59.4	-184.0
1964-----	300.2	141.1	208.2	649.5	213.2	7.0	276.8	497.0	-87.0	-134.1	+68.7	-152.4
1965-----	360.6	156.1	238.3	755.0	173.8	15.6	264.1	453.5	-186.8	-140.5	+25.9	-301.4
1966-----	507.0	142.9	335.0	984.9	189.6	12.7	297.4	499.7	-317.4	-130.2	-37.5	-485.1
1967-----	438.5	121.8	334.0	894.3	188.4	10.7	308.0	506.6	-250.1	-111.6	-26.0	-387.7
Percent change 1960-67--	+73.8	-7.8	+217.2	+82.6	-19.3	+127.6	+53.9	+15.6	-----	-----	-----	-----

Source: Textile Organon, April issues 1963-67, March 1967, Textile Economics Bureau, Inc.

2. EMPLOYMENT EQUIVALENT OF FOREIGN TRADE IN THE PRODUCTS OF THE TEXTILE INDUSTRY

	Employment (thousands)	Mill consumption (millions of pounds)	Total employment per million pounds of mill consumption	Employment equivalent of—		Net balance of employment due to foreign trade
				Imports at mill consumption pound equivalent ratio	Exports at mill consumption pound equivalent ratio	
1960-----	2,228.4	6,486.6	343.4	168,163	150,444	-17,719
1961-----	2,178.9	6,561.0	332.1	132,807	148,382	+15,575
1962-----	2,242.7	7,042.1	318.5	182,692	149,090	-33,602
1963-----	2,250.2	7,246.1	310.5	198,130	140,998	-57,132
1964-----	2,281.9	7,782.1	293.2	190,404	145,720	-44,684
1965-----	2,376.4	8,494.7	279.7	211,455	126,844	-84,611
1966-----	2,463.2	9,007.5	273.5	269,343	136,668	-132,675
1967-----	2,436.6	8,976.5	271.4	242,713	137,491	-105,222

Source: Employment, U.S. Dept. of Labor, Bureau of Labor Statistics, "Employment and Earnings for the United States, 1909-66," October 1966; February 1967-February 1968 issues. Mill consumption, "Textile Organon," March 1967 for 1960-66; "Cotton Situation," October 1967 for 1967. Import and export data in pound equivalent, op. cit. supra, item 1 of this table.

TABLE 16.—UNITED STATES, EEC, EFTA, JAPAN, EXPORTS OF TEXTILE MATERIALS, 1958-66
[In millions of pounds of fiber or fiber equivalent]

	United States			EEC		EFTA		Japan	
	Total fiber	Textile products	Total	Total fiber	Textile products	Total	Total fiber	Textile products	Total
Average 1958 to 1960.....	2 525.1	344.0	2 869.1	502.0	1 762.6	2 264.6	238.0	446.2	684.2
1961.....	2 732.2	327.7	3 059.9	570.1	2 113.3	2 683.4	273.7	551.8	825.5
1962.....	2 013.2	312.8	2 326.0	676.1	2 163.4	2 839.5	344.9	744.5	1 089.4
1963.....	2 129.1	308.6	2 437.7	776.7	2 382.4	3 162.1	393.7	797.7	1 191.4
1964.....	2 331.7	325.9	2 657.6	755.9	2 616.6	3 372.5	450.6	847.2	1 297.8
1965.....	1 718.3	328.0	2 046.3	992.4	2 798.6	3 791.0	517.4	862.8	1 380.2
1966.....	2 260.1	347.7	2 607.8	1 117.8	2 959.6	4 077.4	541.8	895.2	1 437.0
Percent change 1958 to 1960 and 1966.....	-10.5	+1.1	-9.2	+122.4	+67.9	+80.0	+127.6	+100.6	+110.0
			</						

¹ Generally does not include exports of United Kingdom, see notes to Appendix table 18, infra.

Note: Total fiber exports of EEC, EFTA, and Japan composed exclusively of man-made fibers.
Source: Appendix tables 17 and 18, infra.

² Does not include exports of spun yarn.

TABLE 18.—EXPORTS BY UNITED STATES, EEC, EFTA, AND JAPAN, TEXTILE PRODUCTS, 1958-66

[In millions of pounds of fiber equivalent]

	EEC			EFTA			Japan			Total EEC, EFTA, and Japan		
	Textile products			Textile products			Textile products			Textile products		
	Apparel (SITC 841)	Other (SITC 65)	Total	Apparel (SITC 841)	Other (SITC 65)	Total	Apparel (SITC 841)	Other (SITC 65)	Total	Apparel (SITC 841)	Other (SITC 65)	Total
United States total textile products												
1958-60	344.0	1,671.2	1,762.6	8.4	437.8	446.2	114.9	915.7	1,030.6	214.7	3,024.7	3,239.4
1961	327.7	1,991.8	2,113.3	17.4	534.4	551.8	105.2	861.4	966.6	244.1	3,387.6	3,631.7
1962	312.8	2,032.3	2,163.4	20.8	723.7	744.5	106.2	903.1	1,009.3	258.1	3,659.1	3,917.2
1963	308.6	2,227.7	2,382.4	27.5	770.2	797.7	112.7	790.8	903.5	294.9	3,788.7	4,083.6
1964	325.9	2,446.2	2,616.6	34.1	813.1	847.2	134.5	929.9	1,064.4	339.0	4,189.2	4,528.2
1965	328.0	2,605.2	2,798.6	37.3	825.5	862.8	147.5	937.3	1,084.8	378.2	4,368.0	4,746.2
1966	347.7	2,743.1	2,959.6	43.3	851.9	895.2	157.0	1,067.4	1,224.4	415.8	4,662.4	5,079.2
Percent of change, 1959-60 to 1966	+1.1	+136.9	+64.1	+415.5	+94.6	+100.6	+36.6	+16.6	+18.8	+94.1	+54.1	+56.8

Source: U.S.: Department of Agriculture, Cotton Situation; Wool Statistics, EEC, EFTA, JAPAN: United Nations and OECD Export Trade Data Aggregate, SITC 65 and 841 above represents all published export data available at all three and four digit SITC grouping levels. Data published for EFTA SITC 841 consistently excludes quantity data for the United Kingdom and Norway. Also, SITC 65 for the United Kingdom includes only SITC 651, 652 and 657. Aggregate for both SITC 65 and 841 does not include exports of various commodities at the 4-digit level for which no quantity data is published. These movements generally represent movements of less than \$1,000,000 in value and would therefore represent relatively insignificant quantity movements.

TABLE 19.—EXAMPLES OF NONTARIFF BARRIERS AND EXPORT INCENTIVE PROGRAMS BY COUNTRY

	International agreements or treaties	Quotas	Import licenses	Consular fees, import sur- charges, prior deposit re- quirements, and mis- cellaneous	Export incentives
Western Europe:					
Austria.....					X
Belgium.....					X
Benelux.....	X	X	X		
Denmark.....	X	X	X		X
Finland.....					X
France.....	X	X	X	X	X
Germany—West.....	X	X			X
Greece.....					X
Italy.....	X	X		X	X
Netherlands.....					X
Portugal.....			X		
Spain.....					X
Sweden.....	X		X		X
Switzerland.....				X	
Turkey.....					X
United Kingdom.....	X	X	X		X
Far East and Southeast Asia:					
Australia.....					X
Ceylon.....			X		
India.....			X		
Indonesia.....			X		
Japan.....					X
Laos.....			X		
Malaysia.....			X		
New Zealand.....					X
Pakistan.....			X	X	X
Philippines.....				X	
Taiwan.....				X	
Thailand.....			X		
Vietnam.....			X		
MIDDLE EAST AND AFRICA:					
Algeria.....			X		
Iran.....			X		X
Israel.....			X		X
Lebanon.....					X
Morocco.....			X		X
South Africa.....		X			
SOUTH AND CENTRAL AMERICA AND MEXICO:					
Argentina.....				X	X
Bolivia.....				X	
Brazil.....			X	X	X
Central America Common Market:					
Chile.....		X	X	X	X
Colombia.....			X	X	X
Costa Rica.....				X	
Ecuador.....					X
El Salvador.....			X		
Guatemala.....			X		
Jamaica.....			X		
Mexico.....			X		X
Peru.....					X
Trinidad.....			X		
Uruguay.....		X			X
Venezuela.....			X		

Source: Member companies—Man-made Fiber Producers Association, Inc.

TABLE 20.—COTTON AND WOOL SPINNING SPINDLES AND LOOMS, UNITED STATES, SELECTED COUNTRIES, AND
WORLD TOTAL, 1952, 1965

	Cotton system spinning spindles		Cotton looms		Wool spinning spindles		Wool looms	
	Number (thou- sands)	Percent of total	Number (units)	Percent of total	Number (thou- sands)	Percent of total	Number (units)	Percent of total
United States:								
1952.....	23,226	21.6	398,501	14.8	2,818	14.7	31,855	12.3
1965.....	19,363	14.8	285,000	10.5	1,223	8.9	13,723	7.2
Percent change.....	-16.6		-28.5		-56.6		-56.9	
Other Americas:								
1952.....	7,149	6.6	203,096	7.5	643	3.4	9,029	3.5
1965.....	9,067	6.9	214,001	7.9	528	3.8	10,918	5.8
Percent change.....	+26.8		+5.4		-17.9		+20.9	
EEC:								
1952.....	21,481	20.0	512,359	19.0	6,577	34.4	99,380	38.5
1965.....	16,057	12.3	293,613	10.9	4,579	33.2	55,661	29.3
Percent change.....	-25.3		-42.7		-30.4		-44.0	
E.F.T.A.:								
1952.....	13,902	12.9	424,794	15.8	6,109	31.9	78,794	30.5
1965.....	7,680	5.9	190,955	7.1	4,435	32.2	47,588	25.1
Percent change.....	-44.8		-55.0		-27.4		-39.6	
Other Western Europe:								
1952.....	3,091	2.9	85,428	3.2	679	3.5	10,322	4.0
1965.....	4,293	3.3	99,361	3.7	639	4.6	10,660	5.6
Percent change.....	+38.9		+16.3		-5.9		+3.3	
Eastern Europe and mainland China:								
1952.....	17,709	16.5	505,755	18.8	102	.5	1,921	.7
1965.....	33,092	25.4	760,194	28.1	97	.7	8,686	4.6
Percent change.....	+86.9		+50.3		-4.9		+352.2	
Middle East and Africa:								
1952.....	1,042	1.0	25,526	.9	(-)		(-)	
1965.....	3,663	2.9	79,945	3.0	119	.9	2,351	1.2
Percent change.....	+251.5		+213.2		(+)		(+)	
Japan:								
1952.....	6,942	6.5	290,193	10.8	1,539	8.0	19,755	7.7
1965.....	12,728	9.8	396,988	14.7	1,510	11.0	33,049	17.4
Percent change.....	+83.3		+36.8		-1.9		+67.3	
India:								
1952.....	10,980	10.2	198,473	7.4	142	.7	(-)	(-)
1965.....	15,880	12.2	209,005	7.7	213	1.5	2,276	1.2
Percent change.....	+44.6		+5.3		+50.0		(+)	
Other Asia and Oceania:								
1952.....	1,124	1.0	18,085	.7	538	2.8	7,041	2.7
1965.....	6,414	4.9	138,673	5.1	436	3.2	4,881	2.6
Percent change.....	+470.6		+66.8		-18.9		-30.7	
Total above:								
1952.....	106,646	99.2	2,661,210	98.9	19,137	99.9	258,097	99.9
1965.....	128,237	98.3	2,667,735	98.7	13,779	100.0	189,793	100.0
Percent change.....	+20.2		+0.2		-28.0		-26.5	
World total:								
1952.....	107,598	100.0	2,693,125	100.0	-		-	
1965.....	130,495	100.0	2,703,535	100.0	-		-	
Percent change.....	+21.3		+0.4		-		-	

Source: United Nations, Statistical Yearbook, 1966.

Note: As explained in the source, data were not available for certain countries for the years 1952 or 1965, in which event data for the year closest to the year in question were used.

TABLE 21.—MANMADE FIBER PRODUCTION, AN INTEGRAL PART OF THE U.S. TEXTILE INDUSTRY

	Manmade fibers	Textile mill products	Apparel and other textile products	Total textile industry	Percent man- made fibers of total
Employment, March 1968 (in thousands).....	104.9	967.9	1,404.2	2,477.0	4.2
Value added by manufacture, 1966 (in millions).....	\$1,852.2	\$8,028.4	\$9,220.5	\$19,101.1	9.7
Expenditures for new plant and equip- ment, 1966 (in millions).....	\$474.0	\$887.3	\$205.8	\$1,567.1	30.2
Research and development, 1966 (in millions).....	\$134.5	\$42.0		\$176.5	76.2
Sales, 1966 (in millions).....	\$2,915.9	\$39,570.9		\$42,486.8	6.9
Research and development as percent of sales, 1966.....	4.6	0.1		0.4	

Source: Employment: U.S. Department of Labor, Bureau of Labor Statistics, "Employment and Earnings and Monthly Report on the Labor Force," May 1968. Value added, expenditures for new plant and equipment, and sales: U.S. Department of Commerce, Bureau of the Census, "Annual Survey of Manufactures," 1966. Research and development: National Economics Foundation, "Research and Development in Industry," 1966, January, 1968, table 2; manmade fibers, Textile Economics Bureau, Inc.

Mr. LANDRUM. Thank you, Mr. Broun. Mr. Stewart, do you have a statement?

Mr. BROWN. Mr. Stewart, as I said at the outset, is counsel for our association. We have worked together in preparation for this appearance and I have therefore asked him to be here for the purpose of answering any questions the committee may have.

Mr. LANDRUM. Mr. Utt.

Mr. UTT. Mr. Chairman, I have one question. That is in this man-made fiber do you include glass fiber?

Mr. BROWN. Manmade fiber is a concept which does include glass fibers but in the definition I gave it was not included because it so happens that no glass fiber maker is a member of our association.

Mr. LANDRUM. Any further questions?

I want to ask one question on this credit for foreign border taxes, recommendation number two on page 17.

Is that to be interpreted that we would get into the subsidy business the same as we discussed in earlier testimony here that foreign governments are doing for their exporters?

Mr. BROWN. Well, not having heard the testimony to which you refer, I can't answer that categorically. What I have said is that foreign border taxes paid on behalf of the U.S. exporters should be allowed as a direct credit against their income tax liability, and that of course would tend to reduce their income tax liability and alleviate them to that extent of the burden of those taxes.

Whether that was the tax to which you have reference I don't know. Do you wish to add something to that, Mr. Stewart?

Mr. STEWART. If I may supplement, Mr. Landrum, there is a distinction between the proposal that the United States subsidize its exports by remission of its own taxes and this proposal which would allow a tax credit to a U.S. exporter in respect to foreign border taxes that had to be paid to get his goods into that country.

In this sense we are not subsidizing our exports by remission of our taxes, but we are recognizing that a foreign country's border taxes are a barrier to our getting into that country and by this method of a tax credit we have a system, as it were, of automatic countervailing measures to offset their unfair border taxes.

There is that very important distinction.

Mr. LANDRUM. I think that clarifies it. Mr. Burke?

Mr. BURKE. No questions.

Mr. LANDRUM. Gentlemen, for the committee let me thank you for this very complete statement, particularly for the recommendations with regard to the import quota bills and the recommendations in relation to the Trade Expansion Act.

Mr. BROWN. Thank you, Mr. Chairman, for the opportunity to appear.

Mr. BURKE (presiding). Mr. Masaoka is the next witness. Will you identify yourself for the record please?

STATEMENT OF MIKE M. MASAOKA, WASHINGTON REPRESENTATIVE, ASSOCIATION ON JAPANESE TEXTILE IMPORTS, INC.

Mr. MASAOKA. Mr. Chairman and members of the committee, my name is Mike Masaoka, Washington representative for the Association on Japanese Textile Imports, Inc. I have a rather voluminous statement, Mr. Chairman, which I would like to submit for the record.

Mr. BURKE. If you care to you could submit what part you want and leave the other out. We will include the entire statement.

Mr. MASAOKA. I would like to have the entire statement included, Mr. Chairman, for this reason. The domestic industry made quite a presentation and one of its targets, directly or indirectly, was Japan and I think for the sake of those who would like to read the testimony it would be useful to have the complete record as we would submit it, sir.

Mr. BURKE. I know there will be a great deal of interest in your statement and I imagine every member of the committee will read the entire statement.

Mr. MASAOKA. Thank you, sir. Rather than going through the statement or a summary, perhaps I can discuss the testimony this morning and try to put it in perspective as we see it.

As the representatives for the American Importers Association pointed out, the domestic industry made a great plea on the basis of increased imports and they did not relate this increase in imports to the tremendous profitability which the domestic industry has enjoyed.

During the past 10 years, as a matter of fact, according to various Wall Street brokers and others in the investment business, the domestic textile industry has enjoyed its golden decade and, strangely enough, or perhaps because of that, the American imports of textiles also increased, and for a considerable portion of our testimony we discuss the specific factors regarding the increases in the prosperity of the American industry.

Now, we grant, as pointed out by a witness, that there is a difference between the textile industry lagging behind other industries, but during the last ten years, Mr. Chairman, this gap has been narrowing and, as the Tariff Commission has pointed out time and time again, it is a question of the impact of selective imports, not the overall imports.

For example, let us put the question in reverse. Today 85 percent of the Japanese soybean market is controlled by the United States.

Japan can grow its own soybeans, but they prefer to buy them from the United States because to them it economically makes sense.

At one time, Mr. Chairman and members of the committee, as you know, Japan grew her own raw cotton but she found that this was not to her economic advantage and so she began to buy a hundred years ago from these United States.

In not only agricultural products does America enjoy a tremendous share of the Japanese market but 84 percent of Japan's electrical imports are from the United States, 47 percent of the chemicals, another great Japanese production, 39 percent of its production in petroleum, from the United States.

Now, who are we to say that the share which the Japanese may consider disproportionate on the part of the United States is an unfair share for America, because, gentlemen, as you know, there are economic factors and the harsh realities of economics that go throughout the world and these are the factors, gentlemen, that dictate what imports will come in and what will not.

Beyond that in an industry, as a domestic industry pointed out, with almost 35,000 different units there are bound to be weak sectors and there are bound to be strong sectors so why should we impose an overall import quota on all of them?

For example, does the Japanese kimono compete with an American garment? Does a Japanese rug compete with Axminster? No. Japanese imports come in and compete with certain kinds of imports here in the United States and thus when we consider the impact of imports, as the U.S. Tariff Commission has declared on more than two occasions, the impact is selective. This is why in certain areas imports are large and in other areas small, for if the impact were overall then how does the American industry explain the fact that they are making more money now than they ever have.

Let's even look at the statistics. From the year 1966 to 1967—1966 was a peak year for American production as well as imports—by 1967 for reasons already explained imports dropped 58.3 million pounds, just imports, mind you.

In the same year domestic production, which is so much bigger than imports, dropped only 24.7 million pounds or about half of the import loss.

Certainly the impact is not overall. During the period 1958 to 1967 imports increased only 482.3 million pounds, that's all, to take perhaps 7, 8, or even 9 percent of American consumption.

During the same period the American production of textiles jumped 50 percent or by more than 3 billion pounds. We agree with the gentlemen of the domestic industry. The American industry is probably the most efficient in the world for most of its sectors and in those sectors, relatively few, that are having difficulties the administration bill provides certain kinds of selective assistance for adjustments.

Beyond that if a large group is concerned we have a tariff commission escape clause and other provisions, but the important point to remember is imports are selective in terms of the impact upon the United States and to require all the American people to pay for the subsidy of the total industry when only a few are affected we think is

a difficult thing to ask when our country is faced with its problems in terms of appropriations for the great urban programs which we have.

In 1967, gentlemen, the imports and production in the United States decreased, but American exports of textiles increased by 7.8 percent and the biggest increases, incidentally, were in the man-made fabric field.

Now, there is much more I could say about the total impact but let us try to keep this picture in perspective. We cannot take the textile industry and its statistics in isolation. We have to take it in connection with all other imports and all other exports of the United States.

Otherwise we do serious damage to our country. And of all the sectors in the American textile industry the manmade fiber sector is the most efficient, the most productive, the most profitable, and the least eligible for requests for import quotas.

As of January 1958, for example, we understand that establishments producing manmade fibers employed only about 4 percent of the textile work force, yet accounted for about 7 percent of the value of sales within the complex and almost 10 percent of the value added by manufacture.

Expenditures for new plant and equipment amounted to about 30 percent of that expended by the entire textile industry while the amount spent for research and development was about 76 percent of that spent by the total industry.

Wages paid to its workers were higher on the average than that paid to the average textile employee and even higher than for the average nondurable goods industries, except ordnances and accessories, metals, nonelectrical machinery, and transportation equipment.

Mr. Chairman, there are some interesting statistics here which we would like to recite regarding the manmade fiber industry, and all due credit to them, because here in this country as well as in Japan and elsewhere the manmade fiber is the new technological development in the textile industry and this is where the great competition has come in the past 10 years in the United States, not between the piddling little imports and the mammoth American industry, but between the tremendous upsurge of the manmade fiber industry within the American industry, and as we document on various pages beginning on page 61 this is the fact.

For example, imports from 1964 to 1966 increased at a rather fast pace but from 1966 to 1967 they decreased by approximately 5,000 pounds. Exports, on the other hand, have risen steadily since 1964 and between 1966 and 1967 when all other textiles were declining, exports of the American manmade fiber industry increased by 3½ percent.

Now, as far as Japan is concerned we have heard so much that would suggest that Japan targets her textile imports to the United States. The fact is that less than 26 percent of Japan's textile exports in total are shipped to the United States, and yet this relatively one-quarter of her total output for export generates enough dollars with which she buys so much in the way of American goods.

Now, as far as the total imports in Japan are concerned in 1965 in terms of thousands of pounds 39,120,000 pounds, in 1966 44,865,000 pounds, and yet in this one year period from 1966 to 1967 the imports from Japan dropped down to 26,693,000 pounds, which we submit is a substantial loss.

Now, during this same period the U.S. mill consumption of all fibers, cotton decreased 4½ percent, wool decreased 16 percent, but man-made fibers went up 6 percent.

The capacity of the United States to produce manmade fibers from 1958 to 1960 increased in the United States from 1958-60 to 1968 by 236 percent and in Japan by only 175 percent, so that the margin that started some 8 years ago has been extended even further to the advantage of the American industry.

Finally, I have some statistics here and I would like to point out that in terms of broad woven fabrics, which is one of the indications of the prosperity of the textile industry, manmade fibers has taken over and is rapidly taking up 50 percent of the entire fiber used in textiles. This we think is an indication again just as there are fibers within the textile industry that do better than other fibers, so there are plants and little different kinds of productions within this giant industry that do better than the others, and we think that in a country such as ours we ought to do our best to upgrade competitiveness of individual workers and of industries rather than trying to subsidize and permit sheltering of the weak and inefficient.

This morning a great question was raised about possible retaliation and the opinion of the witness from the domestic industry was there would be no retaliation.

May I refer you to the testimony of Secretary of Agriculture Freeman last week? As I recall he specifically stated that he heard from Japanese and other sources that if America had to impose these import restrictions Japan and other countries would not necessarily retaliate because they wanted to, but because they would be forced to.

Let's take, for example, Japanese purchases of soybeans, \$207 million, raw cotton \$118 million, wheat \$141 million, tobacco \$28 million, skins and hides over \$200 million, then industrial machinery which she buys from the United States \$413 million, home and other appliances and apparatus \$130 million, aircraft and other transport \$39 million, iron and steel scrap \$174 million, petroleum products \$78 million, coal and coke \$131 million, chemicals \$227 million. I could go down the list.

In other words, if Japan is unable with the use of textiles which don't compete across the board to generate money with which to buy these goods, and every one of the goods that I mentioned is available to Japan from other sources and in some instances at a cheaper rate than they can buy from the United States and yet Japan continues to buy such large amounts from America in part because she is grateful for the opportunity to be able to sell her—thus in terms of international relations this is a two-way street.

Some comment has been made about the long-term textile arrangement and whether this was a proper way to extend in the future. We don't think so. Why? Because under the long-term textile arrangement a structuring of the various products that can come into this country was done in such a way that for 11 years, for example, in only one out of 11 years was Japan able to fill her fabrics quota and only three out of 11 years was Japan able to reach her made-up goods quota.

Yet we say that this is a wonderful arrangement. Japan at one time enjoyed 70 percent of the import market for textile in the United States. Today she enjoys less than 17 percent.

Yet Japan was a country that voluntarily started this because she felt that she was going to help the United States out of a temporary

situation which has developed into a permanent long-term textile arrangement.

Already half of the imports into the United States or approximately that, from Japan are under the Long-Term Arrangement or the bilateral. This leaves wool and man-mades. We have already indicated that the man-made sector in this country of all sectors isn't entitled to this kind of protective sanctuary, if you will, from import competition and as far as the present bills which are before this committee are concerned we think that they will invite retaliation because, well, let me put it this way, and I want to be very frank with you gentlemen because I think this kind of decision on the part of this important committee is most vital to the future of the United States.

In this legislation is written a proviso that the President can negotiate bilateral arrangements but it must be done within a certain period. Is this true negotiation? This is like putting a pistol to the head of the man and saying, "If you do not capitulate to our terms there are even more serious consequences."

And what are some of these more serious consequences?

These figures may not be exact, Mr. Chairman. We did a rough estimate of what would happen to manmade fiber imports in the United States, for example, if we use that 6-year average period from 1961 to 1966 that is a part of the major textile import quota bills pending before this committee and again because manmade fiber textiles are somewhat relatively new in the market and since they weren't such a factor in 1961 to 1966 period let's see what happens and then I wonder if you, representing another country, for example, will say that these reductions are not so large that you would have to consider some kind of compensation or retaliation.

In manmade fiber imports there would be about a 26 percent reduction, with Japan losing about 6 million pounds. In manmade fiber yarns there would be about a 63 percent loss in imports with Japan losing more than 2 million pounds. In manmade fiber fabrics there would be a 33 percent decrease in imports from all sources with Japan losing about 51 million pounds and on manmade fiber textiles of made-up goods there would be a reduction of about 48 percent on all imports from all countries.

On manmade fiber knitted goods there would be a cut of some 48 percent and on manmade fiber wearing apparels the reduction would amount to about 68 percent and on manmade floor coverings the drop would be in the range of about 66 percent.

We have taken some individual products from Japan. For example, in manmade dress shirts, nonknit, the imports would be reduced by about 87 percent and Japan's reduction would be 83 percent. I have given you a tabulation of these which I won't go into further but I do think, again admitting that there may be some error in this calculation, that the committee should give careful thought to just how these particular averages work out because unless we are very, very careful we may find in the long run that we have created a difficult situation which was never anticipated.

For example, why should textiles that are not manufactured in the United States be placed under quota? Like a Japanese kimono, or yukata cloth. Why should certain items that are brought in, like permanent press, to fill a demand that couldn't be satisfied by the American mills be placed under a quota?

And during our recent emergency when we had to open up the LTA to allow certain yarns and certain fabrics to come in should these be placed under quota if they can be helpful to our military?

I could go through a list where certain management decisions were made by the United States to go out of certain lines. These are the cheaper, less expensive cloths, and so on and the Japanese importer brought clothes in so that the poor and disadvantaged could get something to wear.

Why should things like this where American management made a decision for greater profit be penalized to the disadvantage of our poor? These indicate I think gentlemen, that impacts of imports are selective. They are not general. These indicate that most textiles do not need to be placed under quota because they are not competitive here in the United States.

As a matter of fact, we made one proposition to the Trade Information Council which we would like to suggest to the committee. Since overall import quotas of this type are a tax upon all the American people and since they may invite some kind of retaliation which could be very difficult for America to surmount if the long-term arrangement is to be continued or if other import quotas are to be imposed not on textiles, but on any product, we believe that the Government has the responsibility to the people of the United States, the taxpayers and the citizens, to oversee the production, the management, the operation, of that industry, and the companies to see that they do not violate the public trust which is inherent in the imposition of an import quota.

Thus, gentlemen, if I may briefly summarize, we believe that the economic facts do not justify an overall import quota on all textiles. We do not believe that our country's best interest or the best interest of our national security or of even the textile industry itself is served and we suggest that if there are any selective difficulties with industry the administration bill and existing law will take care of those problems.

Thank you, Mr. Chairman.

(Mr. Masaoka's prepared statement follows:)

STATEMENT OF MIKE M. MASAOKA, WASHINGTON REPRESENTATIVE,
ASSOCIATION ON JAPANESE TEXTILE IMPORTS, INC.

INTRODUCTORY COMMENTS

My name is Mike M. Masaoka, Washington Representative for the Association on Japanese Textile Imports, Inc., a New York trade association headquartered at 551 Fifth Avenue whose members handle more than 70% of all Japanese textiles exported to the United States. On behalf of its members, may we express our appreciation for this opportunity to appear before this Committee and to express our views regarding pending trade legislation.

Admittedly, we have a vested interest in the promotion of textile imports, for Japanese textile exports to the United States in 1966 amounted to \$420 million and in 1967 to \$347 million. Nevertheless, we believe that a freer, nondiscriminatory trade policy for the United States, not only for textiles but for all other products, is clearly in the national and international self-interest. For the net trade balance has always been in our favor since the end of World War II, not to mention the economic stimuli that competitive imports provide the American consumer and industry.

Accordingly, we endorse and urge the enactment, with certain amendments if possible, of the so-called Administration's trade package, H.R. 17551, the Trade Expansion Act of 1968, "To continue the expansion of international trade and thereby promote the general welfare of the United States, and for other pur-

poses," introduced on May 28, 1968, by Chairman Mills of this Committee, as another significant forward step in the direction of freer, nondiscriminatory trade.

At the same time, we must express our most vigorous opposition to the general and specific import quota bills and other protectionist measures pending before the Congress at this time. Since economic isolationism and trade protectionism encourage reciprocal actions, as the world's greatest trading nation the United States would have by far the most to suffer and to lose in any trade war.

As far as Japan is concerned, for example, we understand the several specific quota bills for electronic products, steel, lead and zinc, meat and meat products, groundfish, textiles, hardwood plywood, petroleum articles, and footwear, would seriously jeopardize some 44% of the nearly \$3 billion exported to the United States last year.

An across-the-board, comprehensive omnibus general import quota statute, moreover, would substantially threaten all Japanese exports to this country.

On the other side of the coin, such drastic reduction in Japan's ability to earn the dollars with which to continue to be America's biggest overseas cash customer might well result in a loss of most of the more than \$2.7 billion in purchases made in 1967, much of it in agricultural goods that are readily available in other countries, often at lower prices than in the United States, such as raw cotton, wheat, soybeans, tobacco, and even hides and skins and logs and lumber.

And Japanese imports from this country are not confined to the output of our lands and farms; they include office and industrial machinery, home and other appliances and apparatus, aircraft and other transport equipment, iron and steel scrap, petroleum products, coal and coke, chemicals, scientific instruments, and most other American manufacturers.

Thus, it would be particularly ironic if the imposition of import quotas on \$347 million of Japanese textiles resulted in the loss of \$865 million in American exports of agricultural products, for the huge United States textile combine is enjoying unprecedented prosperity and production, while looking forward to even increased profits and output.

In any event, because of the limitations of time and space, we shall concentrate our attention on pending legislation in terms of the textile trade, though our statement and testimony will apply generally to international commercial principles, policies, and practices.

And, because we are specifically concerned with Japanese textiles, we are indebted to the following Japanese textile associations for certain facts, data, and information which we secured for the consideration of this Committee: The Japan Spinners' Association, The Japan Cotton Textile Exporters' Association, The Japan Textile Products Exporters' Association, and The Japan Silk and Synthetic Textile Exporters' Association, all of Osaka, and The Japan Chemical Fibers Association of Tokyo and the Japan Silk Association of Yokohama.

FOR ADMINISTRATION TRADE BILL

Bill's Purpose

As advocates of freer, nondiscriminatory trade in textiles and other merchandise, we believe that the specific purposes of the Administration's trade expansion bill, as stated in Section 101 of the proposed H.R. 17551, are most worthwhile and vital to our national progress: (1) "to continue and strengthen the trade agreements program of the United States", (2) "to establish a viable program of adjustment assistance for firms and workers affected by imports", and (3) "to promote the reduction or elimination of nontariff barriers to trade".

To implement these praiseworthy objectives, the bill provides (a) that the President's authority to enter into trade agreements with foreign countries be extended to July 1, 1970, (b) that the criteria and the procedures for adjustment assistance for individual companies and workers be liberalized and modified, and (c) that the American Selling Price (ASP) system of customs valuation be abolished.

Proposed Amendments

To better assure freer, nondiscriminatory trade, we would urge that the Administration's trade bill be amended to include at least the following provisions:

(1) Authorize the Tariff Commission to accept and consider applications for escape clause and other import relief for individual, single products, and not for a range of products.

(2) Direct the Tariff Commission, or some other appropriate agency, to closely observe the management and the operations of any industry or company author-

ized escape clause or other import relief to insure that the special privileges accorded will not be abused to the public detriment.

(3) Limit any special import relief to not more than five years, with the understanding that if, prior to that five year period, conditions in that industry or company so improve the import benefits will be withdrawn or cancelled.

We urge these amendments out of our experience with textile imports and out of our belief that, in order to meaningfully promote freer, nondiscriminatory trade, unjustified and unwarranted appeals for import relief should be discouraged.

We believe, for instance, that all textile imports do not have an adverse impact on the totality of the vast American textile combine, with its 33,000 mills and plants in 45 States.

Take cotton typewriter ribbon cloth as a case in point. Imports from Japan are under bilateral restraint, and domestic production of this specialized fabric is substantially by one company. Or, to ask a question: How can Japanese tubular rug imports affect the American production of miniskirts?

On the other hand, under certain conditions, in certain times, it is possible that certain textile imports might have a selective influence on certain United States competition. If this is so, the investigation should be on an individual product basis, and, if an import remedy is called for, granted on an individual product basis. Such a procedure seems more reasonable and equitable than providing protectionism to many who may not produce the similar article or a directly competitive one.

Then, if an industry or a company is provided with protective relief, since such a benefit is at the expense of the national purpose, that favored entity is obligated at least to the government and the consumers to try to update and modernize his operations and to bring about more efficient and economic production. Import protection, we hold, should not be abused to shelter or subsidize the obsolete, the uncompetitive, the badly managed.

Constant surveillance by federal authorities—of the books, of the planning, of the operations—should help insure that the public trust implicit in such import protection is not violated.

Finally, if an industry or company cannot adjust within a five year period to compete with imports, it would seem that such an industry or company is not the type that is economically advantageous to the United States economy. Such an enterprise might well be given additional adjustment assistance, if necessary, to change its operations to prevent the further wasting of America's comparative advantages in international trade and from slowing and cheating the growth of the national economy.

If, however, through modernization and innovation, or merger and consolidation, or other activities, that industry or company recovers its competitive edge, even before the five year adjustment period is over, it seems clear that the public good would call for the immediate termination of the favored treatment.

Here again, since the national interest is involved, government inspection will be helpful in making the proper determination.

In national interest

Perhaps the quickest way to document that the proposed legislation is in the national and international self-interest of the United States is to summarize the President's message of May 28, 1968, transmitting the draft bill to the Congress, and the impressive testimony of his Cabinet Secretaries who have special responsibilities in this area of federal activity, his Special Trade Representative, and his Special Assistant on Consumer Affairs.

The President emphasized that by continuing America's historic 34-year program to open trade channels and to encourage international commerce, all segments of the Nation would profit greatly. He explained that "When trade barriers fall, the American people and the American economy benefit. Open trade lines: (a) Reduce prices from goods from abroad. (b) Increase opportunities for American businesses and farms to export their products. This means expanded production and more job opportunities. (c) Help improve the efficiency and competitive strength of our industries. This means a higher rate of economic growth for our nation and higher incomes for our people."

Then, noting that there are many proposals before the Congress to impose import quotas or other restrictions involving about half (\$7 billion) of all our imports subject to duty, the Chief Executive warned that "In a world of expanding trade, such restrictions would be self-defeating. Under international

rules of trade, a nation restricts imports only at the risk of its own exports. Restriction begets restriction. In reality, 'protectionist' measures do not protect man. In the long run, smaller markets mean smaller profits. (c) They do not any of us: (a) They do not protect the American working man. If world markets shrink, there will be fewer jobs. (b) They do not protect the American business-protect the American consumer. He will pay more for the goods he buys.

"The fact is that every American—directly or indirectly—has a stake in the growth and vitality of an open economic system."

The Secretary of State declared that "Our position as the largest single trading nation underlines our special responsibility to insure that our trade policy promotes continued growth of our own and the world economy. Fortunately, in this area, actions which best advance the welfare of our own people are precisely those which best serve our foreign policy objectives."

As the Secretary saw it, "Our relations with Japan deserve special attention in this context. Here too we see the benefits of a policy with even more explicit links to trade matters. It is difficult to see how we can count upon Japan as a major partner if we had not deliberately fostered—or if we were suddenly to change—a system of world trade which permits Japan's 100 million people to achieve through trade what they could not attain in the narrow confines of their crowded islands. And here, too, our trade policy toward Japan is no give-away. Japan is our largest overseas market, second only to neighboring Canada, and the leading commercial market for the output of our farms. Last year nearly cannot buy from us if we do not buy from them . . . The partnership we have one-third of our \$2.7 billion in exports to Japan consisted of cotton, wheat, feed grains, soy beans, and other U.S. agricultural products. The Japanese, like others, nurtured with Japan would be put to a severe test—and it might not survive if we were to adopt wholesale restrictions which would have a serious impact on Japan's ability to make its way in the world."

The Secretary of the Treasury, we understand, submitted a letter for the record in which he indicated that increased trading opportunities would help alleviate some of our most serious economic and fiscal problems, including that involving our balance of payments.

Japan too is troubled by a serious balance of payments problem. Still, over the past 23 years since the end of hostilities and over the past 16 years since Japan regained her sovereignty, with the exception of only three years, the United States has enjoyed a favorable trade balance with Japan. Last year was one of the exceptional years, though the trade accounts were almost in balance. Japan sold the United States almost \$3 billion, while buying more than \$2.7 billion. Of all the nations of earth, last year Japan was the only one which experienced a favorable trade balance with the United States, and—even for Japan—it was an unusual circumstance.

The Secretary of the Interior, in stressing the importance of freer trade in terms of the natural resources of the country, expressed the hope that there would be more opportunities for the exportation of coal, among other items.

In this connection, Japan imported from the United States some \$81 million in coal and coke and \$62 million in petroleum products in 1966.

The Secretary of Agriculture proudly claimed that commercial agricultural exports increased from \$3.2 billion in 1960 to a record \$5.2 billion in 1967. In reporting that his Department was attempting to persuade many other countries to lower their nontariff impediments to American farm products, the Secretary warned that "Protectionism on non-agricultural items can hurt U.S. exports of such goods. And it most certainly will hurt our agricultural exports."

"Japanese-American trade figures will show what I mean. In 1967, Japan sold us \$3.0 billion worth of non-agricultural products. Our buying of those products was a big factor in Japan's purchase of \$865 million worth of U.S. farm products, making Japan our single biggest cash customer. What would happen if we were to drastically reduce our buying of Japanese non-agricultural products? Japanese officials have told me that under such circumstances Japan almost certainly would reduce its buying of our food and fiber. They also would back off on their substantial buying of U.S. non-agricultural goods, which in 1967 amounted to a whopping \$1.8 billion."

In 1967, the total of all Japanese textile exports to the United States including those "restrained" under the Long-Term International Cotton Textile Arrangement (LTA), was \$374 million, while Japanese purchases of agricultural products alone from the United States amounted to more than twice that total, or \$865 million.

The Secretary of Commerce endorsed the Administration bill "as providing the tools for creating a world trading environment in which American business and American labor can participate equitably in the benefits of expanding world trade." He cited data to show that exports have expanded at a growth rate of 6.7% from 1960 through 1967, from \$19.6 billion in 1960 to \$30.9 billion in 1967. In this same period, imports increased by 9%, from \$15 billion to \$26.8 billion. He attributed the recent increase in imports to "an inflating domestic economy", "the copper strike and the threat of a steel strike".

While Japan does, and did, purchase close to a billion dollars worth of agricultural products from the United States annually, being America's biggest cash customer for farm output, Japan is also a major buyer of American machinery and industrial equipment. In 1966, for example, Japan purchased industrial machinery, other than electrical, valued at \$225 million, transport equipment valued at \$125 million, and professional instruments valued at \$55 million, among import items from the United States valued at \$2,311 million.

The Secretary of Labor recorded that "in recent years expanded trade and high employment have gone hand in hand . . . In general, . . . the lowering of trade barriers increases, rather than reduces, net employment . . . We recognize that some imports may cause dislocation. That is why we urge liberalizing the adjustment assistance criteria so as to deal effectively with employment dislocations resulting from import competition. But taking import and export factors together, it appears certain that a tightening up of foreign trade policy would result in fewer, not more, jobs."

The Special Trade Representative explained the gains made by the United States in the recently concluded Kennedy Round of tariff negotiations, discussed the background and detailed the specifics of the Administration's trade package, as well as underscoring the need for the proposed measure and the real dangers of protectionist legislation, with particular reference to the balance of payments and inflation problems.

He noted that Japan was among those trading partners which were considering certain positive steps to help America's current balance of payments and gold situations.

The Special Assistant to the President on Consumer Affairs urged that the "rights" of the consumers be protected through enactment of the Administration trade package. She spelled out in specific detail the exact "added cost" to various necessities if import quotas were levied. She cited apparels as an illustration of the consequences of the textile quota bills, estimating that clothing alone, for a family of four, would cost \$25 to \$30 annually to begin with.

If imports are restricted by protective means, and domestic prices permitted to skyrocket, it would be like imposing "an added tax on low-income consumers", in the words of the 1968 Tariff Commission, if the poor and the disadvantaged who are so dependent upon inexpensive, "best buy for the dollar" garments from Japan are forced to pay higher prices.

In quick summary, then, while agreeing unanimously to the many and great advantages that would accrue to the citizens and nation from an enlightened trade policy, the President and his principal trade officials were equally agreed that a reversion or return to protectionism, regardless of the guise or reason, would be most detrimental to the general welfare of the people and the country.

Textile tariff reductions

The Administration's trade package provides for an extension of the President's authority to enter into trade agreements with foreign countries.

We understand this authorization to mean that the Chief Executive may use his power to reduce rates up to 50% for those items for which he did not choose to lower rates to the maximum in the recent Kennedy Round of tariff negotiations.

Since it is conceded that in the final stages of the Geneva negotiations a number of offers to reduce textile tariffs were withdrawn or modified, and since United States tariffs on textiles continue to be higher—on the average—than those for most industrially advanced countries, including Japan, we urge that the tariffs on most textile imports be further reduced.

As we understand the consequences of the Kennedy Round for textile imports into this country, on a weighted basis the United States agreed to tariff reductions which averaged about 13% on \$876.7 million worth of imports (1965 computations) of cotton, wool, and manmade fiber textiles, or 37% less than the maximum 50% authorized by Congress.

For cotton textiles, the 1965 overall depth of cut averaged 20.8%. The depth of cut varies, however, by individual groups. For yarns, the average weighted cut was 27.2%; for fabrics 24.7%; for apparel 16.3%; for made-up goods 24.7%; and for miscellaneous textiles 33.4%.

For manmade fiber textiles, the 1965 overall depth of cut averaged 14.8%. The deepest cuts were in yarn (37.3%), miscellaneous articles (30.4%), and made-up goods (28.3%). In the more sensitive areas of fabrics and apparel, the depth of cuts averaged 18.2% and 5.7% respectively.

For wool textiles, excluding carpets and rugs, the 1965 overall depth of cut average 1.8%. Wool fabrics and apparel, which comprised nearly 90% of the trade, each had an average cut of 1.4%, reflecting the exceptions made for all sensitive items in this wool and worsted area. Yarns and tops were also subject to a low average reduction of 2.7%. Made-up goods were reduced by 38.3% and miscellaneous wool products by 34.6%, although these latter products represented less than one percent of the 1965 trade in foreign textiles to the United States.

A quick recapitulation of the number of items affected by the Kennedy Round and the number of such affected items which were reduced the full 50% authorized by the Trade Expansion Act of 1962 is presented on a category basis. All 17 manmade fiber items listed in the Tariff Schedules of the United States (TSUS) were reduced the maximum 50%:

Tariffs on the two TSUS wool top items were not affected.

Tariffs on the five TSUS cotton yarn items were not changed; 14 of the 16 manmade fiber yarn TSUS items were reduced, 13 for the full 50% cuts; and only one of the three wool yarn TSUS items was cut, and that for 50%.

Tariffs on 53 of the 63 TSUS cotton fabric items were modified, with nine being cut the full 50%; 35 of the 40 TSUS manmade fiber fabric items were also changed, with 19 being reduced the full 50%; and 30 of the 39 TSUS wool cloth items were reduced, 11 for the maximum 50%.

Tariffs on 47 of the 51 TSUS cotton apparel items were changed, two for the full 50%; 16 of the 28 TSUS manmade fiber apparel items were affected, seven by the 50% maximum authorized; and 16 of the 43 TSUS wool piece goods items were cut, three the full 50%.

Tariffs on 66 of the 68 TSUS cotton made-up goods items were reduced, but only six for the full 50%; 23 of the 24 TSUS manmade fiber made-up goods items were reduced, with 13 being given the 50% reduction; and 38 of the 43 TSUS wool made-up goods items, with 22 being authorized the full 50% cut.

Finally, 35 of the 38 TSUS cotton miscellaneous goods items were changed, with 12 for the 50% reduction; 21 of the 24 TSUS manmade fiber miscellaneous textile items were reduced, 18 for the full 50%; and all 21 of the TSUS wool miscellaneous textile items were altered, 15 for the maximum 50% authorized.

These reductions in the American rates of duty on textiles are to be made, we understand, in five stages over a five-year period, which began this January 1 (1968).

To learn whether these Kennedy Round cuts might increase the opportunities for the Japanese to export textiles to the United States, we contacted the several Japanese textile associations directly.

It was their unanimous judgment that these rate reductions were not sufficiently substantial and significant in terms of the textiles they can ship to this country.

They noted that in cotton textiles, where the majority of reductions were made, the Long-Term International Cotton Textile Arrangement (LTA) strictly limits their export capabilities. And, for wool and manmade fiber, as well as silk, textiles, many other factors besides the tariff structure account for their capacity to sell in the American market.

In spite of the Japanese view, however, after a re-examination of the modifications achieved in the Kennedy Round for Schedules 3 and 7 of the Tariff Schedules of the United States (TSUS) reminded us that the duties on many textile items remain excessively high, we urge that additional reductions be made in textile tariffs.

No cut, for instance, was made on cotton velveteens, so the present 25% ad valorem duty remains in force. As far as we know, only one American company weaves this particular fabric, which because of its labor-intense nature is more suited economically to be woven in countries where labor costs are much lower than in the United States. Moreover, product quotas are imposed on this cloth so that not more than a certain quantity of imported velveteens may be entered each year regardless of the tariff rate.

A few, but far from most, examples of textile imports whose duties will remain excessively protectionist even after five years of tariff reductions follow. Cotton corduroys (TSUS 346.05 but especially TSUS 346.10), despite tariff reductions of 23.3% and 24%, respectively, will continue to enjoy relatively prohibitive rates after five years of 23% and 38% ad valorem.

Certain men's and boys' cotton wearing apparel (TSUS 380.03) were given a 17.6% reduction, but even after five years the duty on these imports will be 35% ad valorem. Certain women's, girls', and infants' lace or net wearing apparel (TSUS 382.03) were similarly treated, with identical results.

Certain gloves and glove linings (TSUS 704.50) were given a 37.5% reduction, but even after the complete reduction is realized the duty remains at 25% ad valorem. As a matter of fact, many tariffs on gloves are such that after five years, in spite of reductions ranging from 0% to 44.4%, the duties will be 25% ad valorem.

Certain woven manmade woven fabrics (TSUS 338.80) were given a 17.4% reduction, but the final rate remains a high 13 cents a pound plus 22.5% ad valorem.

As a matter of fact, quite a number of manmade fiber textile items were not accorded any duty decreases at all in the Kennedy Round, thereby retaining their full compound specific and ad valorem rates where applicable. Some samples of this lack of action include ornamented body supporting garments (TSUS 376.24) with a 32% ad valorem rate; lace or net underwear (TSUS 378.05) with a 42.5% ad valorem duty; not ornamented knit underwear (TSUS 378.60) with a 25 cents a pound plus 35% ad valorem tariff; knit, not ornamented wearing apparel (TSUS 380.81) with a 25 cents per pound plus 32.5% ad valorem rate; nonknit wearing apparel (TSUS 380.84) with a 25 cents per pound plus 27.5% tariff, etc.

Wool textile tariffs also remain uniformly high, with many denied any cuts in the Kennedy Round. Many wool items, too, carry the compound specific and ad valorem rates.

Certain wool fabrics retain their 37.5 cents plus 60% rates (TSUS 336.50); others their \$1.35 per pound (TSUS 336.55); and still others 37.5 cents per pound plus 38% ad valorem.

In apparel wear, knit infants' wear keep their 37.5 cents per pound plus 32% rate (TSUS 372.25); embroidered hosiery 50% ad valorem (TSUS 374.20); certain men's or boys' wearing apparel 37.5 cents per pound plus 30% (TSUS 380.57); etc.

Even this short recapitulation suggests that there are many tariffs that are protectively high.

The President's authority to reduce these textile tariffs should be reactivated and used to encourage freer trade in textiles.

Worker adjustment assistance

The Trade Expansion Act of 1962 rightfully recognized for the first time the principle that the government had an obligation to workers who might lose their jobs because of import competition fostered by national policy by establishing so-called adjustment assistance that would be available to employees of individual companies or plants adversely affected by imports.

Under the Act, workers who qualify for this adjustment assistance are entitled to certain trade adjustment allowances for a certain period of unemployment, specialized training or retaining, and limited relocation allowances to secure reasonable employment in new communities.

Unfortunately, the criteria for eligibility has been such that no workers have yet been authorized this special help since 1962.

The Administration trade bill, however, does recognize the need to liberalize the eligibility standards, though we would be more generous in providing the various types of adjustment assistance.

This adjustment assistance program can be of special significance to textile workers who are notoriously underpaid in comparison with other nonsupervisory employees in the major industries.

According to the Bureau of Labor Statistics summary report "Employment and Earnings Statistics for the United States 1909-1967," issued in October 1967, except for a few years, in the decade 1957 to 1966, textile mill products workers and apparel and other textile products workers were the lowest paid of all those employed in manufacturing. The lone exception, and then only occasionally, was leather and leather products workers.

In 1966, for illustrating, the average hourly wage for all private industry was \$2.55; for mining, \$3.06; for contract construction, \$3.88; for all manufacturing, \$2.72, divided into durable goods, \$2.90 and non-durable goods, \$2.45.

Workers in textile mill products averaged only \$1.96 an hour, while workers in apparel and other textile products averaged even less—\$1.89.

In durable goods manufacturing, the average hourly wages ranged from \$3.33 for transportation equipment workers to \$2.21 for furniture and fixture workers. In nondurable goods manufacturing, the hourly wages in 1966 for ten industries ranged from \$3.41 for petroleum and coal products workers to \$1.94 for leather and leather product workers.

Within the average hourly wage of \$1.96 paid to textile mill products workers in 1966, those working in the several sectors were paid averages ranging from \$2.12 in cotton and manmade textile finishing mills to \$1.62 in certain hosiery mills.

Within the average hourly wage of \$1.89 paid to all apparel and related products workers, those employed in the various operations were paid averages ranging from \$2.45 in manufacturing women's and misses' suits and coats to \$1.54 in manufacturing men's work clothing.

Not only are the hourly wages for textile workers below those for all manufacturing, but so also are the numbers of hours worked per week for those employed in the apparel and related products lines. The average work week for all manufacturing in 1966 consisted of 41.3 hours, while for apparels and related products it was 36.4 hours, or about five fewer hours a week. For textile mill products, on the other hand, the average work week consisted of 41.9 hours, or 0.5 hours more per week than for all manufacturing industries.

At the same time, industry employment data suggest, despite the outcries of certain textile industry leaders, that total employment has not decreased since 1961. These employment figures, moreover, do not reflect the number of workers laid off or discharged because mills or plants moved from the North to the South to take advantage of the cheaper wages, less stringent working standards, less unionization, and other lower production costs in the new location. Neither do these charts account for the number of workers who lose out to automation, to increased efficiency of new machinery and equipment, to modernized and even computerized management, etc. And, how does one record the number of workers, probably more than that in any other category, who lost their jobs because of new substitutes for textiles, such as paper, plastics, glass, etc.? And, the new employment created by some imports that stimulate certain kinds of jobs?

TEXTILE INDUSTRY EMPLOYMENT

Year	Number employed (in thousands)	Average hourly earnings	Man-hours of work per year
1961.....	2,178.9	\$1.66	1,865
1962.....	2,242.7	1.71	1,895
1963.....	2,250.2	1.75	1,900
1964.....	2,281.9	1.81	1,938
1965.....	2,371.6	1.88	1,948
1966.....	2,450.1	1.95	1,949
1967.....	2,458.8	2.06	1,925

While employment in the textile industry increased only slightly in the past few years, the productivity per man was increasing at a dramatic pace, especially in the newest manmade fiber textile sector.

The *Monthly Labor Review* for February 1963 stresses that, "Some rough indication of overall improvement in recent years, however, is suggested by the sharp rise in output between 1960 and 1965. Various measures of textile output indicate that it (productivity-output per manhour) rose from 30-35 percent during this period. Estimated all employee manhours rose by only four percent. These changes for the textile industry as a whole reflect substantial variation among the individual sectors of the industry. . .

"Cotton and manmade fiber broadwoven production, for example, was 25 percent greater in 1965 than in 1948, but there were 22 percent fewer looms in place and two percent fewer loom hours worked in 1965. Engineering studies of future technology suggest a continuation in the reduction of equipment per unit."

The nature of the textile industry is such, however, that in spite of the greatly increased productivity per manhour, neither the wage increments nor the numbers employed are properly reflected in the most recent statistics.

At the same time, it cannot be overlooked that the industry employs a higher number of women than other manufacturing operations and that more and more members of minorities, especially in the unskilled or less skilled categories, are entering into the textile field.

In 1966, more than 425,000 women were employed in the mills, or about 45% of the industry's employees, as compared to about 27% ratio in all manufacturing.

Negro employment in the industry rose from about 25,000 in 1940 to 44,000 in 1966, or percentage-wise from 2.1 to 4.6 of the total workers in the industry.

In recent years, according to the *Monthly Labor Review*, the textile industry has had to compete mostly for male labor with higher-paying enterprises which have also been moving to the South.

And in some sections of the country there are acute shortages of available labor for various sectors of the textile industry.

If these recent trends continue, and are accelerated by the elimination of uneconomic mills and plants partly through the competition of imports, this new direction will be all to the good of the American textile workers, for we cannot believe that any United States employee would prefer to work for less than \$2.00 an hour in some outmoded textile factory when more attractive jobs paying \$2.50 an hour is available.

If import competition forces the workers in the uneconomic, uncompetitive, marginal, and obsolete sectors of the textile industry to seek adjustment assistance, at least in the long run this may prove to be advantageous to these workers. For they may find more productive, better paying jobs in more modern plants and factories.

Since import quotas and other protectionists stratagems tends to maintain and subsidize the weaker, more inefficient segments by guaranteeing assured markets, and thereby to continue to "imprison" or "freeze," as it were, relatively poorly paid workers, if freer, nondiscriminatory trade will speed the process whereby these workers may seek and secure adjustment assistance and move on to better jobs, we judge this process to be well worthwhile.

Certainly, in an advanced industrial nation such as ours, labor should be recognized and upgraded in dignity and decency. It will be a sad day for America if to find and keep low-paying jobs for the unskilled and the unemployed it becomes settled government policy to subsidize uneconomic work. In a country where labor is in such high favor, the emphasis should be in improving competitiveness, not in continuing uneconomic manpower wastefulness.

Perhaps what happened in Rhode Island in the past ten years may be instructive, even though their textile workers did not have the advantage of government aid in the form of adjustment assistance.

In a special *New York Times* supplement for May 12, 1968, Adolph T. Schmidt, executive director of the Rhode Island Development Council, recalled that ten years ago, "Rhode Island's economy was seriously depressed. Post-war adjustments had cut textile production in half—and textiles were Rhode Island's dominant industry . . . Today, Rhode Island stands on a plateau of prosperity that was far over the horizon in 1958. Total non-farm jobs have increased by 61,900—rising from a total of 276,800 in 1958 to 338,700 in 1967. This latter figure constitutes an all-time high, even exceeding peak employment during World War II . . . The average manufacturing wage has climbed from \$69.13 in 1958 to a present mark of \$100.94. Per capita income has risen from \$2,042 to \$3,270, and total personal income has added over a billion dollars—rising from \$1,752,000,000 in 1958 to \$2,943,000,000 at the first of the year" (1958).

Company adjustment assistance

If a company, or one of its "appropriate subdivisions" if it is a multi-establishment firm, is found to be eligible for adjustment assistance, it may be authorized technical and financial assistance under the Administration's legislation. Tax assistance is included as a part of financial assistance.

Such adjustment assistance should enable a company or plant or factory to be modernized, to secure the most efficient machinery and equipment, and to find more effective and competitive management.

In an industry as widespread and as massive as textiles, there are bound to be many strong and economic segments, as well as some that are weak and uneconomic. Moreover, there are bound to be many establishments—some large,

others medium-sized, and still others small. And, among the many enterprises there will be the economic and the uneconomic.

With more than 7,104 mills and plants engaged in the manufacture of so-called textile mill products (cotton weaving mills—407, manmade weaving mills—355, wool weaving and finishing mills—361, knitting mills—2848, textile finishing mills—621, woven floor covering mills—64, and miscellaneous textile goods—1,067) and 28,457 engaged in the production of apparel and related merchandise (men's and boys' suits and coats—1,112, men's and boys' furnishings—2,981, women's and misses outerwear—9,740, miscellaneous apparel—1,582, and other fabricated textiles—7,308), there can be little question that the competition between establishments in the United States is more fierce and bitter than the competition between American textiles and imports.

Nevertheless, if increased imports contribute substantially to the inability of an American concern to compete with such imports, because the national objective of expanding trade is involved, we find it justifiable that the government provide special adjustment assistance in such instances.

And, providing such specialized assistance should obviate the necessity for seeking general import protection.

Adjustment assistance principle

The Administration's liberalized approach to adjustment assistance for firms and workers who may be the unfortunate victims of economic progress as attested by increased imports is approved in the first of the recommendations made by the Subcommittee on Foreign Economic Policy of the Joint Economic Committee, in its September 29, 1967, Report on "The Future of U.S. Foreign Trade Policy."

According to the Subcommittee Report, *"The adjustment assistance provisions of the Trade Expansion Act must be liberalized so that the assistance can be more readily available to workers and firms required to make adjustments as a result of negotiated tariff reductions. . . ."*

"The removal of a tariff barrier places an obligation on the Government to grant fair adjustment assistance to injured parties. The use of compensation as spelled out in the Act of 1962 is more appropriately geared to the national interest than outright protection or resort to 'escape clauses' and quotas. The national interest, in general, lies in the direction of reducing restrictions on international trade rather than applying restrictions on the ground that some particular domestic group might be injured when compensation is a possibility.

"This implies that the scale of injury is relatively narrow and is within the reach of limited Government action. Domestic prosperity has reduced the hazards of injury through change of occupation, although assuredly it has not eliminated injuries. By and large, the high mobility of people and resources in our economy in many cases provide a ready answer to the problem. But where there are no alternatives, and geographical and occupational immobility prevents the improvement of the lot of the individual or firm, some form of limited, temporary protection may be warranted. In any case our provision for easing the adjustment process should be as generous as equity demands."

ASP on textiles

The third major objective of the Administration's trade package is the elimination of the American Selling price system of customs evaluation for certain designated imports.

While the principal effort is to secure the repeal of the 46-year old nontariff import barrier on benzenoid chemical, the only textile item to which the ASP is applied is certain wool knit gloves and mittens (TSUS 704.55).

No imports of this item have been recorded since the 1930's and the Tariff Commission notes that "The value limitation (less than 15 cents per pair) precludes any imports under Item 704.55, even if the ASP provision were not in existence. The current cost of even low-grade wool yarn and the rise in labor costs since the 1930's makes imports of this item most improbable."

Even the National Association of Wool Manufacturers recommend that the ASP formula be deleted for these gloves and that the converted rate in the TSUS be applied.

Not only since this ASP item has no practical value but also since it is a grim reminder of a most protectionist past, this particular nontariff trade barrier should be repealed.

Other nontariff barriers

Because there are a number of other so-called nontariff impediments to the textile trade imposed by the United States, for the sake of freer, nondiscriminatory trade and consistency, we urge that—in addition to the ASP glove item—the various “Quantitative Import Restrictions of the United States,” as reported by the Tariff Commission in April 1968, be abolished.

Unless we take the lead, and are fully prepared, to effectively demolish our own nontariff walls, which today are far more potent and effective barriers to commerce than even the highest tariffs, we are hardly in the strongest position to persuade others to destroy their protectionist obstacles, of which there are too many.

Insofar as textiles are involved, the Commission listed only (1) the import quotas that have been in effect since 1935 on hard fiber cordage from the Philippines, (2) since 1935, on most types of raw cotton, certain cotton waste, and, since 1961, on certain cotton products produced in any stage preceding the spinning into yarn, except cotton waste, and (3) since 1962, on all cotton textiles under authority of the so-called LTA.

In addition, there is the Buy American restriction, which is applied on the national level but which is being considered by several States and even local jurisdictions.

We respectfully urge that the President's authority to eliminate the ASP be expanded to include all other American nontariff impediments to freer trade.

Repeal long-term cotton arrangements

Though import quota advocates often cite the LTA (officially the Long-Term Arrangement Regarding International Trade in Cotton Textiles) as the model for “orderly development and sharing of the American market,” and emphasize its multilateral character as indicative of a negotiated, mutually satisfactory pact to all concerned, nothing could be further from the truth.

To begin with, the LTA was the special objective of the extraordinary political pressure campaign waged by the American cotton textile sector in the Congress for many years and particularly in the presidential election of 1960. Some suspect that it was part of the “price” that the late President Kennedy paid for the support of the textile industry in his successful bid for the White House that fall.

In any event, when GATT convened a special multinational conference in Geneva in the summer of 1961 at the insistence of the United States, none of the participating countries—exporting and importing—had any illusions about the meaning of United States intentions—either the 18 invited textile nations agreed to the LTA, and its predecessor Short-Term Arrangement, or else they faced individually either administrative or legislative imposition of unilateral textile restrictions that could be harsher and more protective than the proposed LTA.

Even under these circumstances, the United States had to accept the principle of “recognizing the need to take cooperative and constructive action with a view to the development of world trade . . . such action should be designed to facilitate economic expansion and promote the development of less developed countries . . . (and) to deal with these problems in such a way as to provide growing opportunities for exports of these (cotton) products . . .”

In actual operation, however, the Department of Commerce, on behalf of the Government of the United States, has implemented the LTA by invoking only the restrictive provisions of the international pact.

As a matter of record, the United States has invoked Article 3 more often and more unsparingly than all of the 22 other signatories combined. We have called for over 250 separate “restraint levels” under Article 3 or 4, despite our stated promise to use the quota restrictions “sparingly”.

The United States, without consultation or prior agreement, has interpreted Article 3 in such a manner that, as an importing country, it can and does—on its own—determine what “market disruption” is and when it occurs. As far as the United States has been concerned, this question of “market disruption” is a numbers game; when certain imports are entered in what is believed to be “substantial” quantities by the administering officer, “restraints” are ordered. There has been no uniformity, even, about the quantity that becomes “substantial.”

With the exception of Japan, the only designated “developed exporting country”, and Italy, one of the designated “developed importing countries”, we understand that restraints have been imposed only against “developing exporting countries”. Bilateral agreements too have been “negotiated” with both Japan and Italy, as well as with most of the “developing exporting countries”.

Though certain "developing importing countries" also export cotton textiles to the United States, they have not been subject to restraints, that is with the possible exception of Italy.

When the first meeting of the Cotton Textile Committee of GATT was held to review the operations of the LTA in December 1963, many of the participating countries expressed their fears over what they considered to be excessive recourse to Article 3.

The United States has also taken advantage of Article 4, which permits bilateral agreements "not inconsistent with the basic objectives" of the LTA.

Some nations believe that the United States has used the Article 3 authority to impose what amounts to unilateral quotas without consent of the exporting countries as a bargaining weapon to "negotiate" a number of so-called bilateral agreements.

In most cases, it appears that these bilateral agreements for quotas are far more all-inclusive than if the United States had imposed unilateral restraint levels on actual imports, for these two-country agreements establish groups, categories, and subcategories, not to mention specific textile items, for the purpose of an all-embracing, overall ceiling.

At the same time, the impression is given that the consent of the exporting nation was freely and willingly secured, though the fact of the matter is that the other country had no real choice, for the alternative was American reversion to invoking unilaterally Article 3 restraint levels.

The Tariff Commission notes that 30 nations are now signatories to the LTA, with the United States having bilateral agreements with 22 governments.

Some 90% of all cotton textiles entered into this country in 1966 were covered by these special quota arrangements and agreements.

Although the LTA was intended only as a temporary measure and was due to expire after five years on September 30, 1967, it was extended for another three years, to September 1970, as part of the Kennedy Round package deal which continued the original LTA with minor modifications. The "deal" also included a few modest reductions on various textiles agreed to in the Kennedy Round, a slight increase in the quotas for cotton textiles to be entered into the United States, and an effort to persuade the European Economic Community countries to liberalize their willingness to accept textiles into their respective nations.

As important as the political pressures that forced acceptance of the LTA are the careful structuring of the groups, categories, and subcategories of the various textile imports to prevent the entry in any significant volume of certain textile products in which the American industry has a substantial vested interest. And, to make doubly sure that certain cotton textiles will not be entered in any significant quantities, certain textiles are limited by specific reference, such as velveteens, certain fine cloth, and carded ginghams as far as the Japanese are concerned.

It is because of this special structuring of the several ceilings that in most years the exporting countries are unable to fulfill their quota allocations, even though their respective industries are aware in advance that the quantity of their exports are severely limited.

The record of cotton textile imports during the first LTA years indicates that the pledged five percent annual increase did not—in fact—always take place.

Cotton textile imports under LTA program

	<i>Millions of square yards</i>
First LTA Year (Oct. 1, 1962 to Sept. 30, 1963)-----	1, 122. 6
Second LTA Year (Oct. 1, 1963 to Sept. 30, 1964)-----	1, 035. 2
Third LTA Year (Oct. 1, 1964 to Sept. 30, 1965)-----	1, 232. 4
Fourth LTA Year (Oct. 1, 1965 to Sept. 30, 1966)-----	1, 724. 2
Fifth LTA Year (Oct. 1, 1966 to Sept. 30, 1967)-----	1, 578. 0

Although the LTA provided for an annual five percent increase in imports, in fact it is not applicable because restraint levels are not taken into account. And the data, though tabulated for each LTA year, really applies to imports under both the LTA and the several bilateral agreements negotiated by the United States.

In the Second LTA year, note that imports actually decreased from that of the first LTA year. Also, note that imports in the last, or fifth, LTA year were some 146.2 million square yards less than the import total for the fourth LTA year.