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

Mr. BUSH. What percentage of your total cost in this country is labor of your final product, sir?

Mr. SOLTER. In 1957 the Tariff Commission found it to be 40 percent. We think it is lower now because under pressure of import competition more labor cost reducing efficiencies have been introduced since that time. It is probably, we think, between 35 and 38 percent.

Mr. BUSH. What percent of the imported pin would be labor costs? Is the labor the main difference in why you have trouble competing?

Mr. SOLTER. No. This is not a labor-intensive industry. It is a high productivity machine operation. It is capital-intensive, but labor does constitute a substantial and significant portion of cost.

Mr. BUSH. Thank you, sir. Thank you, Mr. Chairman.

Mr. BURKE. Any further questions?

Thank you very much, Mr. Solter.

That completes the testimony for the pin and fastener industry. The next industry is the aircraft industry, Mr. Donald W. Douglas, Jr.

We welcome you, Mr. Douglas, and if you will identify yourself for the record you may proceed.

STATEMENT OF DONALD W. DOUGLAS, JR., VICE PRESIDENT, McDONNELL DOUGLAS CORP.

Mr. DOUGLAS. Thank you, Mr. Chairman. My name is Donald W. Douglas, Jr. I am president of Douglas Aircraft Co. of Santa Monica, Calif., and vice president of McDonnell Douglas Corp. of St. Louis, Mo.

I will be extremely brief.

McDonnell Douglas manufactures commercial and military aircraft and is an active participant in the Government's military and spacecraft program. At the present time we have 49 locations in 16 States and employ 132,000 people. We also have a plant in Malton, Ontario, Canada, where we manufacture the wing and tail assemblies for our DC–9 airplane and where we will be making some of the components for the DC–10, our 300 passenger trijet. The completed DC–9 sells for about $4 million and the DC–10 will sell for approximately $16 million.

At the outset, let me say that our company strongly supports the liberal trade policies enunciated by the Trade Expansion Act of 1962 and the proposed Trade Expansion Act of 1968 recently transmitted to the Congress by President Johnson. The position of our industry as stated by the Aerospace Industries Association, of which we are a member, is that we strongly support reciprocal free trade under equitable competitive conditions.

The aerospace industry is one of the largest manufacturing export industries in the United States with exports in 1967 of over $2 billion, accounting for over 40 percent of the Nation's merchandise trade surplus.

But, domestic and export sales of airplanes are based on the same principles as any other sales—an attempt to develop the best product at the lowest competitive cost. Seen in this light, the tariff that we must pay on our components from Canada is an added inflationary cost