

Still another shows the U.S. equivalent of a Czechoslovakian 78"x78"x30' split table planer mill which includes power draw bar, readout, etc., and with two 50 H.P. heads, one vertical and one side head, selling for between \$425,000 and \$450,000 f.o.b. plant, while the landed price of the Czechoslovakian machine in Los Angeles, including freight and duty, is \$345,000, from 19% to 25% less.

Other comparisons show a Danish cutter grinder selling for 42% below a comparable U.S. model, an Italian centertype grinding machine selling for 48% below a comparable U.S. model and a Spanish centerless grinding machine selling for 60% below a comparable U.S. model.

As indicated, these lower foreign prices are a direct reflection of lower labor costs abroad, coupled with the high labor content of machine tools. Statistics furnished by the U.S. Department of Labor and set forth in Table 7 below show that the average hourly earnings and supplementary benefits of workers in the machine tool industry in the United States are significantly higher than those for any other major machine tool producing nation. See also Figure 6 on the following page. These comparisons essentially accord with the results of a survey made in early 1968 by NMTBA, in which nineteen U.S. machine tool companies reported that earnings (including fringe benefits) of comparable machine tool production workers in Western Europe, on an hourly basis, are from 40% to 70% below American workers' earnings.

TABLE 7.—AVERAGE HOURLY EARNINGS AND SUPPLEMENTARY BENEFITS IN THE MACHINE TOOL INDUSTRY IN THE UNITED STATES AND 6 FOREIGN COUNTRIES

Country	Date	Industry	1966-67 workers covered	Average hourly earnings	Estimated supplementary benefits	Compensation
France.....	September 1966.....	(1).....	All.....	\$0.89	\$0.57	\$1.46
Germany.....	October 1966.....	(2).....	All.....	1.23	.53	1.76
Italy.....	do.....	(2).....	All.....	.75	.86	1.61
Switzerland.....	do.....	(3).....	Men.....	1.27	.19	1.46
United Kingdom ⁴	October 1967.....	(2).....	Men.....	1.41	.20	1.61
Japan.....	1966.....	(3).....	All.....	.57	.07	.64
United States ⁶	December 1967.....	(1).....	All.....	3.26	.64	3.90

¹ Nonelectrical machinery.

² Machine tools.

³ Metals and machinery.

⁴ Before devaluation.

⁵ Metalworking machinery.

⁶ Average hourly earnings are taken as 83.8 percent of total compensation. This is based on BLS Bulletin 1428 for 1962; supplementary benefits may currently be higher.

Sources: "Hourly Wages and Hours of Work" in Social Statistics, No. 8, 1967, and other sources furnished by BLS. BLS, "Employment and Earnings" January 1968. BLS, Bulletin 1428.

Because of the importance of labor costs to total machine tool production costs, these differences in wage rates enable one company that manufactures an identical single spindle automatic chucking machine in the United States and England to sell the English-built machine for \$30,500, f.o.b. plant, while the price of the American machine is \$45,900, f.o.b. plant. A chart demonstrating the basic components of these contrasting prices is attached to this Statement as Appendix M.

Statistics compiled by the International Labor Organization (ILO) and the Organization for Economic Cooperation and Development (OECD) are not directly comparable with Table 7 because they do not include supplementary benefits and in some cases are based on somewhat different industry definitions. Nevertheless, they are useful in demonstrating the trends in labor costs in the machine tool producing countries. These figures, shown in Table 8, demonstrate that the gap between U.S. and foreign labor costs is wide and has increased steadily since 1960. For example, in 1960 U.S. machine tool employers paid \$2.24 per hour more than their Japanese counterparts. By 1967 this differential had risen to \$2.49. A similar widening of the wage gap has occurred in the case of each of the other major machine tool producing countries.