inequity and the suggestion was raised that similar measures might be taken by the U.S. It is certainly ironic that very lately we have been told that such measures, trivial though they would be, must be shunned because retaliation would follow. Is the implication that sinning by others must be condoned from fear of inciting even greater departure from virtue? In the meantime the net result is that we have lost a large share of our calf leather and kid leather domestic markets to foreign leather.

Another example—U.S. leather is banned from Japan for all practical purposes. Our markets are free and open to Japan. We are flooded with their baseball gloves, work gloves, but we are not allowed to meet the hunger of Japanese manufacturers and consumers for U.S. leather. Our importunities on this situation have been submitted again and again to our government. Nothing has happened.

The paradox is that Japanese manufacturers and consumers want our leather because it is superior in quality, more attractive and diversified and competitive in price. Their economy would benefit by buying leather in the U.S. instead of transporting our hides for 8,000 miles to protect a fledgling tanning industry which could not survive in fair competition, labor rates notwithstanding.

Another example—Argentina, like the U.S., has many cattle and cattlehides. In order to join the interests of native agriculture, industry and labor, Argentina employs these interesting devices: First, an import duty of 125% ad volorem against U.S. leather. Second, an export tax on hides subsidizes Argentine tanners by keeping the price of their raw material below the world market. Is it suprising that in 1967 Argentina shipped to the U.S. 19.4 million feet of side leather, enough volume to keep a major U.S. tanner busy all year long?

Another instance in lack of reciprocity is presented by continued restriction or denial of access to raw material in various countries. France maintains quotas on the export of raw calfskins and horsehides. French tanners, however are unhindered from buying raw material in the U.S. West Germany requires that raw material offerings be first made to domestic tanners and such goods may be offered abroad only when non-saleable at home. India has, as a matter of national policy, progressively reduced hide and skin export quotas in order to promote tanning by Indians. Mexico maintains a prohibitive export tax on hides and skins.

In short, gentlemen, the experience of the tanning industry is a clear record that the concept of reciprocity has failed.

We also submit to your Committee and to the Congress another vital respect in which our foreign trade policy of the past is completely inadequate to meet the realities of present-day world trade. The crucial hinge of our policy has been the notion of a free market for interplay of competitive values. That notion may have been accurate a century ago. It does not and cannot meet the facts of international trade today.

How can we cope with the reality that trade practice of countries with controlled or totalitarian economies is an instrument of political policy? Not many of the countries with whom we trade throughout the world can be excluded from that category. It ranges from the outright and avowed economic planning of Eastern Europe to policies such as Argentina or countries in Western Europe employ to foster specific industries and attain specific objectives.

I want to stress the significance of this issue because it poses very serious questions that have been publicly ignored. In the United States tanners or shoe manufacturers, as competitive enterprisers, must always operate under the arbitrament of the market and the balance sheet. That is not the case in a controlled economy where costs and prices are secondary to government political or economic policy. What recourse do we have, for example, under the conceptions we have followed in the past, if a totalitarian economy decides to take over a U.S. market through massive exports? And it does not have to be only Communist countries which can harbor such objectives. Where does one draw the line between imports of shoes from Czechoslovakia, from Spain, or from Italy all fostered in various ways by deliberate government policy?

Does this possibility seem far-fetched? On the contrary. The record of what has been done by various nations in the leather and leather products area is a dramatic illustration of an ominous potential. Argentina, Italy, Spain, Czechoslovakia, Mexico, France, West Germany, all furnish case histories of one kind or another, histories of trading policy in the service of national economic or political objective.