labor and if we would convert the cattle hides in the United States, the leather and finished products and the exports, too, because of the natural advantages of free competition, it would enable us to export those products and then we would all be better off and that would have been the case if we had had any sort of reciprocity in trade for the past 25 years.

Mr. BATTIN. But what we are both really talking about, I think—and it has at least been the understanding of many—is that the basic difference in cost of production would be compensated if we had a tariff barrier or a quota system or whatever device might be found to take care of the basic differential of the cost of production. I have no doubt that American manufacturers can compete any place in the world. Would you agree that it is a fair statement that we have one of two choices: We either bring our economy or our standard of living down until the world catches up, or we protect ourselves until the world catches up?

Mr. GOLDSTEIN. I would say that from our standpoint, I think all of us, that that is exactly right. That is obviously a fair question. In any college course I have taken, and I am not an economist, I certainly can understand that if they are earning 40 cents an hour in Spain and $2 here, I can't catch up until somebody helps me catch up.

I would like to compete and our whole industry would on a basis of style. That I would like to do, but we are not competing on that basis.

Mr. BATTIN. It sounds like an oversimplification, but it isn't. I don't hear too many people who advocate free trade also advocating that we change our standard of living here to a less desirable level, but I do believe sincerely that one goes hand in glove. If we don't face up to the very problems that you are testifying to today, which the steel industry testified to two days ago, the people in the oil business will be or have been in, our cattle people have been in, I don't know what the answer is.

I suppose that is the purpose of these hearings.

Mr. GOLDSTEIN. I would like to comment. I was approached just last week by a gentleman who said that if I wanted to go into an arrangement with him, I could send some leather down to the border near Mexico. They would take this leather that was cut in the United States, bring it into Mexico, they would sew it with people for $2 a day, $2 a day. They wouldn't finish the shoe as we finish it, Congressman Burke, up home, but would send it back half finished across the border so that we wouldn't have to pay taxes on that part of it; and I would bring it back up and finish the shoe in my factory and save whatever they talked about, $2 a day versus $2 an hour.

We told them we just weren't interested. This is what we are being offered. When I say that it is fair competition to sew shoes at $2 a day versus $2 an hour, I don't understand it. All of us at the table would agree that your statement is correct.

Mr. BATTIN. I am just seeking information. I don't have any idea if there has been much U.S. capital exported into countries that are now in competition and are we seeing our capital investment returned in the products that you have shown us here today.

Mr. GOLDSTEIN. To a degree. I would say that at the present moment there are certain manufacturers who will have some share of