

a factory over there. Of course you can only have 50 percent anyway, but up to that limit. In these factories they are 50 percent participants in the factory manufacturing the shoes.

I would also say in answer to certain questions we have been asked in the past—as to are there any American manufacturers bringing in imported shoes as a capital investment—there is also that; but from the standpoint of protecting yourself like an alley cat cornered by a dog. You don't see yourself liquidated if you have ability to stop it. You don't let someone kill you if you can stop him. This is the reason we do it; but without exception all of our people have stated that they would prefer to manufacture and to produce the footwear here in the United States which we could sell here in the United States on a fair basis.

The direct answer is that there is a limited amount that has been invested for that purpose.

Mr. MEYER. You will have to exclude Puerto Rico.

Mr. BATTIN. I am talking principally of countries such as Spain.

Mr. GLASS. That trend has gone substantially further in other leather products such as baseball gloves, other gloves, cases. Unquestionably in all of those product areas there has been a substantial movement through direct capital investment or some form of co-operative activity between the domestic manufacturer and producers abroad.

Mr. BATTIN. The textile people the other day indicated that if something were not done, they were going to be forced to try to establish themselves in Hong Kong and Korea in areas where their labor costs were such that they could compete by producing there and shipping to the United States.

Mr. GOLDSTEIN. I think it logical that if I have the knowledge of how to produce footwear for the U.S. market and am well aware of the styling factors and Mr. Meyer, who supplies me with leather right now, is well aware of the tanning business, then if we can't make our shoes cheap enough to compete, why shouldn't he and I go to Japan and produce them and sell them for half price here?

Should I stay in Middleboro and go out of business or go to Japan and stay in business? And that is exactly what is going to take place in every small town in America. It is a far more serious problem than the administration people realize.

Mr. BATTIN. Basically we are thinking of the basic problem today, the exportation of jobs.

Mr. GOLDSTEIN. That is it exactly. Forty-thousand jobs were exported or will be by 1970. There is no question about that. I pointed out that that ECAT study said that. They were trying to prove the opposite.

Mr. BATTIN. Thank you, Mr. Chairman.

Mr. BURKE. Mr. Goldstein, there have been many statements made by witnesses appearing before the committee that would indicate that the availability of low-priced imports with their differential in cost benefitted the U.S. consumer.

Mr. GOLDSTEIN. These imports are being used for additional profit to the retailer primarily, but the differential in cost to the American consumer of the total amount of footwear which is produced and imported and so forth is so infinitesimal as compared to the fact