Shoe manufacturing is actually an assembling operation and the labor cost in producing a pair of shoes amounts to 25 to 30 percent of the total cost. Modern shoe machinery is of a relatively simple nature and is easily available in any of the countries who export footwear to the United States. The productivity of larger factories in England, Italy, and Japan which supply the export market, approximates and in some cases even exceeds that of American factories producing comparable footwear. Wages in these countries, however, range from a half to less than a fifth of wages paid in the United States; and in all cases do not even approach Federal minimum wage requirements that must be met here.

This means that foreign countries may land shoes in the United States at prices 20 to 50 percent lower than equivalent footwear produced here. This boils down to a simple case of lower price labor in foreign countries competing against higher price labor in America. It may be true that some foreign-made shoes are accepted in the American market because of style and designs, but the great majority penetrate our markets solely because of differences in price. While such difference in price stimulates greed for greater profit by foreign countries and by U.S. retail outlets, they are by no means passed on to the American consumer, as many free traders would have you believe.

U.S. shoe retailers, who are in intensive competition with each other for a greater share of the retail market, search continuously for ways to widen their profit margins while underselling their competitors. By purchasing shoes made abroad at savings of 20 to 50 percent and pushing such shoes upon the American consumer, such retailers are able to accomplish both objectives. Therefore, there is every encouragement for retail outlets to buy more footwear from lower wage countries and less from domestic producers. Consequently, more and more U.S. manufacturers of shoes are closing U.S. factories and opening new factories abroad either because they can no longer meet competition from imports or because they have discovered that their customers in the United States can be supplied with shoes made abroad that yield greater profits.

Some exponents of free trade insist that America's answer to excessive and ruinous imports is more exports. However, the facts are that leather footwear imports in 1967 were 58 times as high as footwear exports, which incidentally had declined 52 percent from 4.6 million pairs in 1955 to 2.2 million pairs in 1967.

This imbalance of trade in the shoe industry is because shoe tariffs in the United States are the lowest of any important trading country in the world. In the United States too, there are no other hidden taxes or restrictions which must be taken into account in calculating the final level of footwear costs in certain countries. This discriminatory action against American-made footwear may have been justified while the European and Japanese industries were being modernized. Now, however, the trading picture has become completely out of balance since the same technology and equipment are now used in these countries as in the United States and these countries still have the tremendous advantage of extremely cheap labor.