in creating the import export disparity than is the issue of unfair competition created by the tremendous gap in the wage structure and employment conditions of American workers in this industry vis-a-vis those of other workers.

III. CRUCIAL ROLE OF WAGE DIFFERENTIALS

At the AFL-CIO Convention in December 1967 there was unanimously adopted a resolution for the United States "to seek the development of workable international fair labor standards in international trade through international negotiations"— the aim being "not only to protect U.S. workers against unfair competition, but also to assure workers in other countries a fair share of the increased returns resulting from expanded trade."

On this issue we stand four-square with our parent body, the AFL-CIO. Indeed, prior to the onset of the Kennedy round of GATT negotiations, and as a guideline for such discussions, our international union had called for precisely such an international fair labor standards procedure. We are convinced that the point we made in the spring of 1964 is just as relevant in the summer of 1968, and the experience of the leather goods industry during the past 4 years has added further evidence in support of our conviction.

Indeed, it was precisely the kind of experience such as has been encountered in this industry which was the frame of reference in the adoption by the AFL-CIO of this policy.

The manufacturing of handbags is a ready source of employment for unskilled and semiskilled workers, many of whom are so abundant in the underdeveloped countries of the world. Leather goods manufacturers in such areas, despite the existence of vast unfulfilled needs in their own countries, have chosen to concentrate on the export market with the United States as their principal target. They have preferred to take the quick profits exporting to this country from foreign lands to following the economically sounder and socially more responsible path of building factories that will produce not only leather goods but soft goods generally for home consumption.

American producers of handbags cannot compete against these imports from low-wage countries. The industry in the United States is highly competitive and, as a result, costs of production and selling prices are kept as low as possible. Profits are paper thin and it is estimated that in the handbag industry net profits after taxes approximate only about 1 percent per dollar of sales. Under these circumstances, it is impossible to build up a cushion of capital. And when one considers the whims of style, together with seasonality, one may understand fully why the risks of doing business are so great. An estimated 15 percent of the handbag firms pass out of existence annually, and many others hover on the margin of existence. Competition from imports can only increase the already high rate of business mortality in these industries.

Nor can manufacturers of handbags offset low-wage competition with further improvements in machinery and operating methods. Any technological improvements here are readily available to producers throughout the world; the relatively low cost of new capital improvements makes it possible for handbag manufacturers for example, to