A central feature of such a reevaluation of tariff policy should incorporate, as noted above, the formula by the AFL–CIO in the promulgation of fair international labor standards as the basis for meaningful trade viability.

Its most significant feature is the concept that in international tariff and trade negotiations and through multilateral tariff and trade machinery, efforts can be made to raise wages and improve labor standards in exporting countries. This would help to eliminate unfair labor standards in exporting countries as either a competitive cost advantage or as a basis for increased trade restrictions by the importing country.

If there are substantial differences in unit labor cost, let us say, between personal leather goods' workers in New York City and their Italian counterparts, there is at least a prima facie case for concluding that labor in the exporting country is being exploited. There may be offsetting cost disadvantages (transportation, for example) which prevent an increase in wages, however. The test of what the balance is between the cost advantage to the employer of low labor costs and offsetting cost disadvantages is his rate of profit.

It is our union's view that wages of leather goods' workers in any country involved in the GATT deliberations should be raised when the unit labor costs of such industries are substantially below those of foreign competitors. Raising wages in this circumstance would not only lessen the threat to employment opportunities of workers in importing countries, such as our members in New York, but would also assure that the employer in the exporting country would not reap the sole gains from expanded markets with all decisions as to how such funds are to be distributed left to him.

While there may be problems involved in how to determine the existence of unfair labor standards in international trade, the problem still remains of what can be done to eliminate such conditions.

Our recommendation, suggested by our union in its presentation of the Tariff Commission more than 4 years ago on the eve of the "Kennedy round" of GATT discussions, was that our tariff negotiators should simply make clear that no tariff concession would be made on products that are processed by workers receiving wages which are substandard in the receiving country.

The importing countries might in the course of such GATT discussions make suggestions or recommendations as to steps which the exporting country should take in order to improve wages and working conditions in exporting industries and thereby remove actual or potential problems of market disruption. If there were disagreements as to the actual situation in the exporting country with respect to wages and working conditions—if, for example, we in the United States looked askance at standards prevalent among Italian personal leather goods' workers—it might be appropriate for GATT to call in the ILO—International Labor Organization—to prepare a factual report on the labor situation in the exporting country's industry.

We are not suggesting sanctions, nor would we urge Congress to embark on such a drastic course of action. However, there would be, if properly conceived and directed, the moral pressure under international auspices for improvements of labor standards in exporting industries benefitting from expansion of their markets resulting from tariff concessions. We might note, in passing, that this concept of an