

agreement and gives an opportunity for a further examination of this question, and it is not necessary for this committee to freeze into the law a Tariff Commission nomenclature which is improper.

The ones which would be prohibited in commerce under this definition, because of the high duty, are the ones that have closed toes, and closed heels.

I have one here, for instance.

Mr. Lipkowitz is showing you some others. The ones with open toes and open heels would be taken care of. The ones that happen to have the toe closed or the heel closed, or both, would not be taken care of.

Another category is the boot, the snow boot with a cuff of textile, in front of Mr. Byrnes, which happens to be more than 10 percent of the surface of the upper.

Another one is, another such category I have in my hand is a shoe which happens to have a foxing, although it has a rubber or plastic sole, and a plastic upper, and doesn't resemble a sneaker in the slightest.

Gentlemen, I would like to return briefly to the table at page 10—A to point out that when the adjusted figures are used, so-called import penetration is 13 percent of consumption, not 23 percent, and is about half what it was in the years 1961, 1962, and 1963.

These figures, as I freely state, involve estimations. I also assert, very confidently, that they are more accurate figures than the figures which have been presented to you by others. The report is out of date, gentlemen, for another important reason, and that is that the price trends—I am referring you now to page 11 of my statement—the price trends are that the price, the f.o.b. price of imports are increasing, and have been for many years, more rapidly than the price of the domestic products, and if you will review in your mind the mathematics of the conversion you will realize that it involves essentially an equation between a domestic price and an f.o.b. importing price, it is that price relationship which is constantly shifting, and if foreign prices are going up faster than domestic prices, then it is to the interests of the domestic industry to freeze the rate on the past historical experience, so they want to freeze the high 58-percent rate, and yet they want to put it off 3 years, and they want a formula which gives them the benefit of a much higher compound rate on some products.

The later data will undoubtedly show a rate much lower than 58 percent, and that the fair way to do this is to authorize a further study.

Another important point, at page 13 of my statement, is that some account must be taken of the existence of machine-made sneakers, and incidentally, this is the reason for the decline in labor in the American industry—that shoes are now being produced to a very large extent in the United States by new methods, which do not involve hand assembly.

You take the upper, and you put it in a machine, and bang, bang, bang, out come the shoes, finished, molded to the sole, the sole molded to the upper in one operation. This is a capital-intensive operation, which is, therefore, economic in the United States, and the imports made on this process are not entering, because it costs as much or more to do it abroad as it does here.

It is obviously a labor-saving technique, and the inexpensive products in the American market, very beautiful products, are mostly made on this system today.