

If shoe imports have moderated the trend toward higher shoe prices, such salutary influences fail to show in these official figures. In fact, the level of shoe prices in the Consumer Price Index has risen more rapidly than any other of its components with the exception of medical care.

These data and other more detailed figures suggest a price structure both at the wholesale and retail level which has been steadily administered at higher levels year by year. In fact, a decline in leather prices of 10.6 points between 1966 and 1967 associates with an *increase* of wholesale shoe prices of 4.0 points on the Index—had such a decrease in shoe industry raw material prices been passed on fully to wholesale prices, the 1967 wholesale index would have been at a level of 112.7 or 9.5 points below its actual level for the year.

Obviously, pure market forces have not been determinants of either wholesale or retail shoe prices.

We suggest here a hypothesis which in our opinion deeply deserves investigation. This based on two known economic facts. Major shoe producing corporations in this country are also operators of wide-ranging networks of retail shoe stores. Many of them are also operators of shoe manufacturing facilities outside the boundaries of these 50 states.

The United Shoe Corporation for example (1967 sales \$195.3 millions) established in 1967 a Women's Import Division. Its reported production in 12 countries of 2,000,000 pairs of shoes. In addition, four factories are operated near Florence, Italy in behalf of the Marx and Newman Division of United Shoe.

The giant Genesco Shoe Company (1967 sales \$872.1 millions) operates eight shoe facilities in Canada, Mexico and Peru. In addition its operations, including only those more than 50 per cent controlled, are located in France, Italy and Belgium.

The Shoe Corporation of America (1967 sales \$264 millions) lists subsidiaries in Canada and Italy.

It may be suggested that such companies with powerful connections over the world's shoe industry, together with control of much of this nation's retail shoe outlets, may be able to control the import of shoes for the maximization of profits under an administered price system rather than for the minimization of prices.

This Committee would do well to pry into this particular area. From what producers abroad has the surge of imported shoes come, and at what real price—there and here? Who controls such companies? What have been their major retail outlets here? What has been their price policy? Why have shoe prices increased at a pace beyond that of any other basic commodity?

The facts of the shoe industry development in recent years suggests that the benevolent rationale of total free trade has run afoul of the today's world economic realities. The illusions of the classical economists have been transmuted by producers who are not controlled by, but do in fact themselves control, the markets in which they sell.

Trade policy has, it might appear, served only to provide the giant producers of the shoe industry with a license to shift jobs away from these fifty states where Wage-Hour Laws and rising worker expectations hold sway to more "favorable" economic climates abroad. There shoes produced at far less than \$1.60 an hour or the \$2.01 an hour industry 1967 wage can be shipped and sold at current "market" prices to American consumers. This is an ideal corporate situation of sales in areas of the world's highest wages for good produced in areas of the lowest wage.

Thus the shoe industry, whose history includes a series of leap frog maneuvers from state to state in search of the slackest labor markets, has now leaped into the future with the same process going forward from country to country over the earth's rounded surface. Such an hypothesis has within it certainly elements of the credible.

Quotas

It has been estimated that two thirds the members of the human race own nothing which could be identified as a pair of shoes. With such a potential, markets everywhere for shoes should be expanding at a rate to bring everywhere steady and dramatic expansion to the shoe industry and to its levels of employment.

We do suggest as part of this developmental process the need to maintain in this country also an expanding shoe industry. The national interest could not be served by policy which in the long term would mean atrophy for shoe and leather production in the country. The Congress which has enacted Wage-Hour