

Of even greater importance is the fact that the Tariff Commission did not suggest or recommend any formula that would put a floor of 58% duties on rubber footwear with assessments running as high as 83% on some imported articles.

How can the authors of this legislation not only justify a continuation of a uniquely discriminatory high rate of duty, but actually be proposing to increase the tariff which has heretofore been assessed under ASP.

Furthermore, it is significant that, while ASP was not eliminated on rubber footwear, and an even higher duty may be suggested, the United States at Geneva made substantial reductions on almost all other imported apparel products. The inexplicable special favors accorded the U.S. rubber footwear producers have not escaped the attention of competing domestic apparel producers. Genesco, a leading U.S. footwear manufacturer, was so struck by the disparity in treatment between rubber footwear and all other apparel products that it was moved to comment in July 1967, after the Geneva conference, that, "Apparently the rubber industry gets preferred treatment in Washington."

Domestic Producers' Arguments Fallacious

In their testimony before this Committee last week, spokesmen for the U.S. Rubber Manufacturers Association and the Rubber Workers' Union voiced bleak appraisals of the economic well-being of their industry. Both the past record and the present condition contradict their grim assertions. As a whole, the record shows that the domestic producers have enjoyed consistent and spectacular growth in their sales of rubber footwear since the time that the imports, through style and design innovations, sparked the explosive growth of the U.S. rubber footwear market from a mere 55 million pairs a year in the mid-50's to over 200 million pairs today. We wish to stress that in the past six years the U.S. importers' share of this expanding market has dropped at least 100% from 26% to 13%. It bears repeating that the rubber footwear industry which has enjoyed this extraordinary level of duty protection has expanded its market tremendously and yet seeks even higher duties, while the leather footwear market, which has been stable, has seen much of its competition receive tariff reductions.

Examining briefly the condition of individual U.S. producers gives the lie to their claims of hard times. Enclosed is a copy of an Endicott-Johnson ad announcing their plans to double production of "its best-selling sneaker", because at their existing sneaker plant at Johnson City they have "been working 24 hours a day, six days a week, and we still can't give the service to today's market demands". [Enclosure in committee files.] Endicott-Johnson's early July report for the first six months of this year showed a 19.8 percent increase in earnings from operations. *Footwear News*, July 4, 1968.

Regarding the highly successful and the most diversified company in the industry, B. F. Goodrich, a recent report predicts strong earnings prospects for 1968. This study was prepared by the respected securities company, H. Hentz, long known to have a sophisticated corporate analysis department. Hentz notes that Goodrich realizes a major portion of its earnings from footwear. Specifically, the analysis notes "Goodrich's industrial products and footwear are expected to show continued growth. All told, overall profits of these three divisions, industrial activities, *footwear*, and foreign operations, seem likely to register a somewhat larger increase in 1968 than the 5% improvement expected in 1967."

Samplings of reports on other American footwear producers by financial analysts are most revealing.

Randolph Manufacturing Company, Randolph, Massachusetts: "Sales have shown steady expansion from year to year, rising from about 12 million to 1962 to well over 25 million in fiscal 1966. Operations have been profitable. With increasing sales, it has been necessary to expand facilities * * *."

Servus Rubber Company, Inc., Rock Island, Illinois: "Over the years sales have generally trended upwards. * * *"

Uniroyal, Inc., Naugatuck, Connecticut: "This company holds a prominent position in its industry. Operations over the years have been profitable."

LaCrosse Rubber Mills, Inc., LaCrosse, Wisconsin: "* * * Operations have been consistently successful and well financed. The increased popularity of tennis and basketball shoes for general year has stimulated the business."

Cambridge Rubber Company, Cambridge, Massachusetts: "This company has operated successfully over a period of years. * * * It has been indicated that the company has increased its volume steadily with operations currently consistently profitable."