Secretary SHULTZ. Yes; it does, especially in the short run, as the relative prices of goods among countries change against us. In a broad sense, of course, as trade balances itself off, you don't import more than you export—I am thinking of it in its broadest sense. But in shortrun terms the shift in relative prices can cause genuine problems in service industries, and it deserves attention.

Senator MILLER. I wonder, Mr. Chairman, if the Secretary would be able ot obtain it, if he could furnish for the record an analysis of the impact of the increased imports on unemployment over the last 2 years, 1967 and 1968.

Secretary SHULTZ. Yes; I certainly can do that.

Senator MILLER. And let's have a balanced picture, and show the increased jobs resulting from increased exports. But I would like to see the trade-off, and how we come out on the balance. My guess is that certainly in the last 2 years because of the horrible decline in favorable balance of trade, we lost jobs on net. If you have an analysis that you have prepared to show what the resulting picture has been, I think it would be helpful for the record.

Secretary SHULTZ. All right, sir; I shall see that that is prepared.

Senator MILLER. Thank you very much.

(The following material was later supplied by the Department of Labor:)

EMPLOYMENT AND FOREIGN TRADE

The Department of Labor now has underway a series of studies examining the relation between foreign trade, both exports and imports, and employment. This effort, of course, is extremely complex because of the difficulty of isolating the effect of foreign trade from the many other factors which affect job opportunities in the United States. Preliminary results are available which provide an indication of recent levels and changes in employment related to foreign trade.

Any examination of the influence of foreign trade on U.S. employment in the last few years must keep in mind the basic economic conditions prevailing during this period. Both 1967 and 1968 were years of high and increasing economic activity accompanied by strong inflationary pressures. Total employment rose by 3 million from 1966 to 1968, and the unemployment rate dropped from 3.8 percent to 3.6 percent of the civilian labor force. The strong inflationary pressures, along with the effect of certain supply shortages induced by existing or prospective strikes, stimulated the demand for imports, particularly in 1968. Without the increased imports which helped to meet the rising demand for goods, it is reasonable to assume that inflationary pressures on domestic markets would have been even stronger.

The number of jobs attributable to the export of goods from the U.S. is estimated by the Bureau of Labor Statistics to have increased from an estimated 2.5 million in 1966 to 2.6 million in 1968. The estimates of jobs include the direct employment necessary to produce the item exported and also the indirect labor necessary for all supplies, and materials and services incorporated in the exported item. Labor involved in the transportation and handling of the item is also included. In addition, about 750,000 jobs were involved in 1968 in export-related services such as those provided to foreign visitors and use by foreign nationals and companies of U.S. airlines and U.S. shipping firms.

It is far more difficult, both conceptually and statistically, to estimate the volume of employment related to imports. In relating employment to exports the task is to measure those jobs involved in producing and exporting the specific goods. On the other hand, there are no current jobs involved in producing imports; the task is rather to estimate employment that might take place, assuming other factors are constant, in the event that the value of these imports were produced in the U.S. Of course, since imports into the U.S. are the exports of other countries, the employment effect *in the exporting countries* of a reduction in our imports could indeed be estimated, provided the proper data were available, in the same way as we have estimated the employment effect of our own exports.