But the effect of a reduction in imports on employment *in the United States* is a different matter.

Another complicating factor is that not all of U.S. imports are of the same character. First, there is the fact that some of the things we import are not produced at all in the United States, e.g., coffee, chromite, tea, tin. Conceivably, with a sufficient expenditure of effort and resources we might be able to produce some of them, but surely the amount of employment thereby created is a speculative matter of no practical interest.

Next, there are imports of certain types of goods that are comparable to domestic materials but are in short supply in the U.S., such as asbestos, bauxite, newsprint, and sugar. To expand our production of these items sufficiently to replace our imports would again require a very large investment of capital and labor. It is not at all clear that the real costs of their production—in terms of the quantity and quality of labor and other resources—would be anything like their present real costs. If costs of expanding our production to replace such imports were higher, their prices would also be higher, and the utilization of such more costly materials might be substantially reduced. Hence the number of jobs which might theoretically be created in the U.S. by the reduction or elimination of such imports is not easy to estimate. Any estimate that simply assumes present costs to remain the same is certain to be seriously in error.

Finally, there are imports that are competitive with domestic goods, some of which have a minimal impact on U.S. markets, e.g., wood pulp and agricultural machinery, while others are relatively more significant, e.g., wool cloth, crude petroleum, and sheet glass. Conceivably the imports of these items could be replaced by domestic output. Prices would probably be somewhat higher, and utilizataion somewhat lower, but an assumption that costs, prices and utilization would be the same if such imports were eliminated would not be so unrealistic as in the two categories discussed above.

For purposes of these estimates, imports have been classified into the three categories mentioned. In 1966 the group of items not produced in the U.S. constituted 13 percent of total imports (by value), those produced in the U.S. but in short supply were another 13 percent, while those that are more nearly competitive with domestic products constituted 74 percent. This classification, however, represents only a rough approximation of the competitive characteristic of the commodities. For example, although most machinery is in the third category, a finer breakdown would disclose some items with unique qualities, features, etc., which are not made in the U.S.

Preliminary estimates, on the assumptions noted, indicate that about 1.8 million jobs in 1966 would have been required in the U.S. to produce the equivalent value of the items included in the third category. For 1968 the estimate would be about one-third higher—about 2.4 million. These estimates do not take into account the jobs which are dependent on imports, such as longshore activities in unloading imports, movement of imported goods on U.S. cargo vessels and processing of imports of crude materials. Since the elimination of these imports would eliminate these related jobs, the net effect on employment would be smaller than is indicated by the figures above. Estimates of the net effect are not yet available. Nor are estimates available for the number of jobs that would have been required to furnish the value of import-related services such as those provided to American visitors abroad or payments by Americans to foreign transport carriers.

It must be emphasized that these estimates, both on the export side and on the import side, are highly conjectural, for the reasons given. They do not represent the number of workers unemployed because of imports nor the number that would become unemployed if exports ceased. Moreover, the side effects caused by a reduction in exports or imports should be taken into account in any analysis. The fact that our imports provide other countries with the wherewithall to by buy our exports, and vice versa, is an example.

All this is not to say that for particular industries or for particular firms or groups of workers the impact of imports on the importance of exports may not be significant. For the most part, employment has increased during the last few years in industries which produce products similar to those imported. Some industries, however, have lost employment and in a few of these, according to preliminary indications, part of this loss may have been due to increased imports. The Department is now working to identify these industries and, as resources permit to analyze the effects of increased imports on employeமnt in individual industries.